



Stage 4 Project Readiness and Approval

California Department of Technology, SIMM 19 D.2 (Rev. 3.0.9, 2/28/2022)

4.1 General Information

1. **Agency or State Entity Name:** 4150 - Managed Health Care, Department of
If Agency/State entity not in the list, enter here with the [organization code](#).

[Click or tap here to enter text.](#)

2. **Proposal Name:** CAP Modernization (SB-858)
3. **Department of Technology Project Number (0000-000):** 4150-034
4. **S4PRA Version Number:** Version 1
5. **CDT Billing Case Number:** CS0062128

Don't have a Case Number? [Click here to get one.](#)

4.2 Submittal Information

1. Contact Information

Contact Name: Jeffrey Wren

Contact Email: jeffrey.wren@dmhc.ca.gov

Contact Phone: (916) 414 0189

2. Submission Type: New Submission

If Withdraw, select Reason: [Choose an item.](#)

If Other, specify reason here: [Click or tap here to enter text.](#)

Sections Changed if an updated or resubmission (List all the sections that have changed.)

Summary of Changes (Summarize updates made.)

3. **Attach Project Approval Executive Transmittal to your email submission.**
4. **Attach Final Procurement Assessment Form to your email submission.**
5. **Conditions from Stage 3 Approval** (Enter any conditions from the Stage 3 Solution Analysis approval letter issued by CDT):

The Financial Analysis Worksheet (FAW) shall be updated in the Stage 4 submittal to reflect actual expenditures for prior fiscal years that have closed.

4.3 Contract Management

The Contract Manager must be a State Employee and should not be the Project Manager. Please complete the questions below in reference to the **primary solicitation**.

Is the Contract Management Plan complete, approved by the designated Agency/state entity authority, and available for the Department of Technology to review? **Choose:** 'Yes,' 'No,' or 'Not Applicable.' If 'No' or 'Not Applicable,' provide the artifact status in the space provided.

1. **Contract Management Plan (Approved): Yes**

Status: [Complete](#)

[Contract_Management_Plan_CAP Modernization SB858.docx](#)

2. **Has the role of Contract Manager been assigned, and has the Contract Manager reviewed and gained an understanding of the scope, activities, tasks, and deliverables of the contract? Yes**

If "No," briefly explain below why both have not been accomplished:

3. **Does the assigned Contract Manager understand the processes for post-award contract activities, including contract amendments, contract work authorizations, terms and conditions, and contract escalation/resolution? Yes**

If "No," briefly explain below why this has not been accomplished:

4. **Has a post-award kickoff meeting between the Contract Manager and state project team members been scheduled to align state and contractor expectations related to contract, budget, invoice, requirements review, and contractor incentives? No**

If "No," briefly explain below why this has not been accomplished:

[This meeting will be held after the contract is awarded.](#)

5. **Does the Contract Manager understand the Agency/state entity and federal processes, policy, and applicable procedures? Yes**

If "No," briefly explain below why this has not been accomplished:

[Click or tap here to enter text.](#)

6. **Does the Contract Manager have a plan to collect and assess contractor and project performance information on a regular basis (e.g., establish meetings with Project Managers, communication techniques)?** [Yes](#)

If “No,” briefly explain below why this has not been accomplished:

[Click or tap here to enter text.](#)

4.4 Organizational Readiness

Is the Implementation Management Plan draft complete, approved by the designated Agency/state entity authority, and available for the Department of Technology to review? **Choose:** ‘Yes,’ ‘No,’ or ‘Not Applicable.’ If ‘No’ or ‘Not Applicable,’ provide the artifact status in the space provided.

1. **Implementation Management Plan [\(Draft\)](#):** [Yes](#)

Status: [Ready for Review](#)

[Reference:](#) Implementation_Management_Plan_CAP Modernization SB858.docx

2. **Does the Agency/state entity currently have a mature release management process with a repeatable and scalable testing methodology that supports all stages of testing (system, integration, security, performance, interfaces, regression, user acceptance, and accessibility)?** [Yes](#)

[Reference:](#) Implementation_Management_Plan_CAP Modernization SB858.docx (sharepoint.com)

Test_Management_Plan_CAP Modernization SB858.docx (sharepoint.com)

If “No,” briefly describe below the release management process that will be used to manage, plan, schedule, and control a software release through the different phases and environments, including testing and deploying software releases:

[Click or tap here to enter text.](#)

3. **Does the project team have a clear understanding of the areas of business (identified in Stage 1) that will be impacted by the project?** [Yes](#)

If “No,” briefly explain below how the Agency/state entity plans to educate the project team to ensure all members have a clear understanding of the impacted business areas by the project:

[Click or tap here to enter text.](#)

4. **Does the Agency/state entity have processes and methodologies in place to support Organizational Change Management (OCM) activities identified in Stage 2, Section 2.9 Organizational Change Management?** [Yes](#)

[Reference:](#) Organizational_Change_Management_Training_Plan_CAP Modernization SB858.docx

If “No,” briefly describe below how the Agency/state entity will perform OCM activities for this proposal:

[Click or tap here to enter text.](#)

5. Does the Agency/state entity have dedicated knowledge transfer resources assigned to business process improvement or business process reengineering activities resulting from the new solution? Yes

If “Yes,” specify the areas of business process improvement:

[Click or tap here to enter text.](#)

If “No,” briefly explain below how the Agency/state entity will perform business process improvement or business process reengineering activities resulting from the new solution:

[As part of the product implementation, the State will have dedicated Business Analysts and Project Managers assigned to support business process improvement and reengineering efforts. These resources will work closely with Program Subject Matter Experts \(SMEs\) to streamline and enhance workflows by leveraging the Unified CAP system. Key areas of focus will include but not limited to improving CAP-related communications and notifications, enhancing messaging functionality, minimizing navigation steps for users, and strengthening search and reporting capabilities to support more efficient and effective program operations.](#)

6. Attach Updated Project Organization Chart to your email submission.

[Reference: 20240104 SB858 Org Chart v2.pdf](#)

[Resource Management Plan: Resource_Management_Plan_CAP Modernization SB858.docx](#)

4.5 Project Readiness

1. Select the system development methodology you plan to use to design and develop the new system: Hybrid

Provide a brief description of your methodology and reason for selecting it below:

[System development methodology for CAP Modernization project will utilize hybrid model which encompasses requirement documentation using traditional waterfall practices and leveraging an iterative process for product built and testing. Product lifecycle for CAP system is modeled after Agile Scrum framework. Scrum is a framework for product delivery built on pillars of transparency, inspection, and adaptation in which business value is created by delivering product increments in Sprints \(fixed iterations of one to four weeks\).](#)

Describe below the Agency/state entity’s past project experience using the system development methodology selected. If this methodology has never been used before, describe the training and staff development that will be provided to prepare staff to utilize this methodology.

[DMHC has already executed phase 1 and phase II of OutSystem platform implementation using the same system development methodology. These initiatives focused on implementing Survey and Exam scheduling and result modules leveraging OutSystem platform. The same platform will be implemented to enable a modern CAP system.](#)

2. Has the Agency/state entity engaged the Office of Technology Services (OTech) for capacity planning and the development of the solution delivery timeline? No

If “No,” and data center capacity planning and alignment services are needed, explain below the reason OTech has not been engaged and what is the alternative plan:

DMHC will be procuring a SaaS solution for the CAP Modernization project. A physical data center capacity planning will not be required for this project.

3. Have resource commitments been obtained for all those identified in the Resource Management Plan? Yes

If “No,” explain below why commitments have not been obtained and the plan to mitigate this risk:

4. Does the Resource Management Plan ensure resources are sufficiently committed to perform project activities if they are also committed to other responsibilities? Yes

If “No,” explain below how sufficient resource levels will be maintained for all project activities:

[Click or tap here to enter text.](#)

5. Have all identified project leads received at a minimum basic project management training? Yes

If “No,” explain how the Agency/state entity will educate the project team leads on project management basics:

[Click or tap here to enter text.](#)

4.6 Business Objective Valuation

- 1. Attach** the Requirements/Backlog Baseline and/or Deliverables Baseline to your email submission.
- 2. Insert your Objectives (ID, Objective, Metric, Baseline, and Target Result) from Stage 1 Section 1.7, along with changes and reason for changes, and assign a percent score value to each. The total of all scores should be 100%.**

Objective ID: 1.1

Objective: [Reduce the number of hours spent by OE staff manually managing CAPs.](#)

Change and Reason for Change from Stage 1: [N/A](#)

Metric: [Number of hours spent by OE staff on CAP management.](#)

Baseline: [Average of 1000 hours spent per year \(Range from 500 to 1500 hours\) by OE staff managing CAPs.](#)

Target Result: [After 12 months of implementation, OE staff are expected to spend an average of 750 hours per year managing CAPs, a savings of 250 hours \(25% improvement over the baseline\) allowing staff to focus on higher-value and less redundant tasks](#)

Valuation: 35

Objective ID: 2.1

Objective: Reduce the number of hours spent by OFR staff manually managing health plan and RBO CAPs.

Change and Reason for Change from Stage 1: N/A

Metric: Number of hours spent by OFR staff manually managing health plans per year.

Baseline: 2400 hours spent per year.

Target Result: After 12 months of implementation, OFR staff will spend 1800 hours per year, a savings of 600 hours (25% improvement over baseline), in the context of the overall workload and increase in workload brought on by the new legislation, allowing staff to focus on higher-value and less redundant tasks.

Valuation: 35

Objective ID: 3.1

Objective: Consolidate and streamline CAP processes to allow all CAP types to be managed holistically and consistently

Change and Reason for Change from Stage 1: N/A

Metric: Number of CAP types managed consistently and holistically by the DMHC.

Baseline: Zero (0) CAP types managed holistically. Different processes are used by OE, OFR and OPM to manage and track their respective CAP types. .

Target Result: After 12 months of implementation, all existing (100% improvement over baseline) CAP types will be managed through a consistent and holistic process..

Valuation: 30

TIP: Copy and paste or click the + in the lower right corner of the above seven fields to add multiple objectives.

4.7 Schedule Baseline

1. Schedule Summary

Project Execution Start Dates

Proposed Project Start Date (from most recently approved schedule/roadmap):
7/1/2025

Baseline Project Start Date: 3/16/2026

Variance: -9.2 Months

Project End Dates

Proposed Project Finish Date (from most recently approved schedule/roadmap):
11/18/2026

Baseline Project Finish Date: 1/14/2028

Variance: -15.1 Months

2. Reason(s) for Variances Provide reasons for any date variances: Delay with procurement due to re-solicitation.

3. Master Schedule and Key Milestones

Attach Master Schedule with highlighted Key Milestones to your email submission.

Reference: 20260210 SB-858 PAL Schedule v3.51.mpp

4.8 Cost Baseline

Is the Cost Management Plan complete, approved by the designated Agency/state entity authority, and available for the Department of Technology to review? Choose: 'Yes,' 'No,' or 'Not Applicable.' If 'No' or 'Not Applicable,' provide the artifact status in the space provided.

1. Cost Management Plan (Approved): Yes

Status: Approved

Cost_Management_Plan_CAP Modernization SB858.docx

2. Cost Summary

Total Planning Cost (One-Time)

Estimated Proposed Cost (from most recently approved FAW): \$2,259,266

Baseline Cost: \$2,800,794

Variance: \$541,528.05

Total Project Cost (One-Time)

Estimated Proposed Cost (from most recently approved FAW): \$5,527,991

Baseline Cost: \$7,696,944

Variance: \$2,168,952.68

Total Future Operations IT Staff and OE&E Cost (Continuing)

Estimated Proposed Cost (from most recently approved FAW): \$1,742,065

Baseline Cost: \$1,552,018

Variance: - \$190,047.47

Total Cost

Estimated Proposed Cost (from most recently approved FAW): \$9,529,323

Baseline Cost: \$12,049,756

Variance: \$2,520,433.26

Annual Future Operations IT Costs (Annual M&O)

Estimated Proposed Cost (from most recently approved FAW): \$1,100,252

Baseline Cost: \$1,328,200

Variance: \$227,948.13

TIP: Baseline costs should match the submitted Financial Analysis Worksheet for Stage

4.Reason(s) for Variances

Provide reasons for any cost variances:

Changes to final cost due to delayed start of project and now includes full and partial fiscal years during planning and project costs. No changes to previously awarded BCP funding.

4. Budget Change Proposal (BCP) Summary

Budget Request ID: 4150-031-BCP-2023-GB

Budget Request Year (0000-00): 2024-25

Requested Amount (specific to the project): \$2.89M

Status: [Choose an item.](#)

Budget Bill Language (if supported): [Click or tap here to enter text.](#)

TIP: Copy and paste or click the + button in the lower right corner to add BCPs as needed (e.g., Planning and Project related).

BCP Summary: The Department of Managed Health Care (DMHC) is requesting 40.5 positions and \$12,570,000 in 2023-24, \$9,510,000 in 2024-25, \$9,562,000 in 2025-26, \$9,618,000 in 2026-27, \$9,678,000 in 2027-28, \$9,715,000 in 2028-29, and annually thereafter from the Managed Care Fund, to implement the requirements of Senate Bill (SB) 858 (Chapter 985, Statutes of 2022). This request includes consultant funding of \$135,000 annually for three expert witness consultants, \$146,000 annually for trial-related contract costs, \$447,000 annually for clinical consultants to assist with the ongoing review of health plans policies and procedures and \$86,000 annually for statistical consultants to assist with analyzing utilization management processes to ensure compliance with SB 858 requirements. The request includes \$2,778,000 for IT consulting costs in 2023-24 available contingent upon the approval of Project Approval Lifecycle (PAL) documents. This request also includes \$42,000 annually for software licensing costs to access the Necessary Infrastructure Modernization for Business Unified Services (NIMBUS) platform for the new positions requested in this proposal. SB 858 revises the administrative and civil penalty provisions of the Knox-Keene Act and increases various specified penalty amounts assessed against health plans and others for violations of the Knox-Keene Act. The bill also provides the DMHC with specific authority to impose corrective action plans (CAP) on health plans as an enforcement tool. The DMHC will monitor compliance with the CAP through its existing oversight activities or other means necessary to assure timely compliance.

5. Financial Analysis Worksheets (Baseline)

Attach Final FAWs to your email submission.

20250224 F.2-Financial-Analysis-Worksheets SB858-v2.xlsx

4.9 Primary Solicitation Results

1. **Attach** the approved Evaluation and Selection Report for the primary solicitation to your email submission.
2. **Attach** the proposed contract resulting from the primary solicitation to your email submission.
3. **Was one of the viable solutions in Stage 2 selected for final contract award?** **Yes**
If "No", please describe:
[Click or tap here to enter text.](#)
4. **Selected Vendor Name:** **Estrada Consulting, Inc.**
5. **Contract Number:** **25MC-R012**
 - a. Contract Start Date: **2/10/2026**
 - b. Contract End Date: **2/9/2028**
6. **Total Contract Cost (without optional years):** **\$1,986,600.00**
 - a. Optional Years (Number of Months): **12**
7. **Total Cost of Optional Years:** **\$0**
8. **Total Contract Cost (with optional years):** **\$1,986,600.00**

Are the following Project Management Plan Drafts approved by the designated Agency/state entity authority and available for the Department of Technology to review? **Choose:** 'Yes,' 'No,' or 'Not Applicable.' If 'No' or 'Not Applicable,' provide the artifact status in the space provided. These plans may be completed with the selected primary vendor.

1. **Configuration Management Plan (Draft):** **Yes**

Status: [Ready for Review](#)

Configuration_Management_Plan_CAP Modernization SB858.docx

2. **Data Management Plan (Draft):** **Yes**

Status: [Ready for Review](#)

Data_Management_Plan_CAP Modernization SB858.docx

3. **Maintenance and Operations Transition Management Plan (Draft):** **Yes**

Status: [Ready for Review](#)

Transition_Maintenance&Operations_Management_Plan_CAP Modernization SB858.docx

4.10 Risk Register

Attach Risk Register to your email submission.

Reference: SB-858 CAP Mod Risk Register.xlsx (sharepoint.com)

End of Stage 4 Project Readiness and Approval Document.

Please ensure ADA compliance before submitting this document to CDT.

When ready, submit Stage 4 and all attachments in an email to ProjectOversight@state.ca.gov.

TIP: Use the Gate 4 Project Readiness and Approval Evaluation Scorecard (SIMM Section 19-D) as an internal tool to ensure a quality submission.

Department of Technology Use Only

Original “New Submission” Date: [3/12/2026](#)

Form Received Date: [3/12/2026](#)

Form Accepted Date: [3/12/2026](#)

Form Status: Completed

Form Status Date: [4/2/2026](#)

Form Disposition: [Approved](#)

Form Disposition Date: [4/2/2026](#)