



Stage 1 Business Analysis

California Department of Technology, SIMM 19A.3 (Ver. 3.0.8, 02/01/2022)

1.1 General Information

- 1. Agency or State entity Name: 4150 - Managed Health Care, Department of**
If Agency/State entity is not in the list, enter here with the [organization code](#).
Click or tap here to enter text.
- 2. Proposal Name and Acronym: NIMBUS CAP Modernization (SB-858)**
- 3. Proposal Description: (Provide a brief description of your proposal in 500 characters or less.)**

The DMHC proposes to leverage low-code software development technology to consolidate disparate Corrective Action Plan (CAP) systems under a single enterprise system that will be dynamic and scalable to meet the needs of existing and future CAP types and processes. SB-858 authorizes the DMHC director to impose a corrective action plan for any reason to ensure future compliance with the Knox-Keene act, including CAPs beyond the scope of the DMHCs current Enforcement Action and Health Plan Financial CAP systems. A modern Enterprise CAP system will allow DMHC to consolidate existing and future CAP processes within one system.

- 4. Proposed Project Execution Start Date: 7/5/2023**
- 5. S1BA Version Number: Version 2**

1.2 Submittal Information

1. Contact Information

Contact Name: [Ralph Cesena Jr](#)

Contact Email: ralph.cesena@dmhc.ca.gov

Contact Phone: [916-738-3379](tel:916-738-3379)

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 this is a Submission Update: (List all sections changed.) – Not Applicable

Summary of Changes: (Summarize updates made.) - N/A

3. Attach [Project Approval Executive Transmittal](#) to your email submission.

4. Attach [Stage 1 Project Reportability Assessment](#) to your email submission.

1.3 Business Sponsorship

1. Executive Champion (Sponsor)

Title: Chief Deputy Director

Name: Dan Southard

Business Program Area: Office of the Director

2. Business Owner

Title: Deputy Director, Office of Enforcement (OE)

Name: Sonia Fernandes

Business Program Area: Office of Enforcement

Title: Deputy Director, Office of Financial Review (OFR)

Name: Pritika Dutt

Business Program Area: Office of Financial Review

Title: Deputy Director, Office of Plan Monitoring (OPM)

Name: Nathan Nau

Business Program Area: Office of Plan Monitoring

Title: Deputy Director, Office of Technology & Innovation (OTI)

Name: Ralph Cesena Jr

Business Program Area: Information Technology

3. Product Owner

Title: Deputy Director, OE

Name: Sonia Fernandes

Business Program Area: Office of Enforcement

Title: Deputy Director, OFR

Name: Pritika Dutt

Business Program Area: Office of Financial Review

Title: Deputy Director, OPM

Name: Nathan Nau

Business Program Area: Office of Plan Monitoring

TIP: Copy and paste or click the + button in the lower right corner on any section to add additional Executive Champions, Business Owners, or Product Owners with their related Business Program Areas as needed.

1.4 Stakeholder Assessment

The Stakeholder Assessment is designed to give the project team an overview of communication channels that the state entity needs to manage throughout the project. More stakeholders may result in increased complexity to a project.

1. Indicate which of the following are interested in this proposal and/or the outcome of the project. (Select 'Yes' or 'No' for each.)

State Entity Only: Yes

Other Departments/State Entities: No

Public: No

Federal Entities: No

Governor's Office: No

Legislature: No

Media: No

Local Entities: No

Special Interest Groups: No

Other: No

2. Describe how each group marked 'Yes' will be involved in the planning process.

The scope of the project impacts interoffice business operations within the DMHC. The following offices within the DMHC will be involved in the planning process: Office of Enforcement (OE), Office of Financial Review (OFR), Office of Plan Monitoring (OPM), and Office of Technology and innovation (OTI).

The OE represents the Department in actions to enforce the managed health care laws. The OFR monitors health plan financial statements and filings, and analyzes health plan reserves, financial management systems and administrative arrangements. The OPM monitors health plan networks and delivery systems. The OTI provides technology support to the DMHC including hardware, software, and information security services. With the advice and counsel of the OTI, each of the primary offices will be involved in the planning phase of the project.

The OE, OFR, and OPM will collaborate and be jointly responsible for setting the mission, vision, and goals for the enterprise CAP system project. Within the OE, the primary business units involved in the planning process will be the Division of Legal Administration (DLA) and the Division of Prosecution (DOP). Within the OPM, the Division of Plan Surveys (DPS) will be the primary business unit involved in the planning process. Within the OFR, the Division of Financial Oversight (DFO) and the Division of Provider Solvency and Support (DPSS) will be primarily involved in the planning process. All the divisions will participate in defining the scope of the project, creating a roadmap for the project, setting milestones, monitoring work to be done, managing risks, and identifying resources needed to successfully complete the project. With the advice and counsel of the OTI, these divisions will gather business requirements, identify business problems and business opportunities, and set the objectives to address them.

1.5 Business Program

- 1. Business Program Name:** Office of Enforcement (OE)
- 2. Program Background and Context:** (Provide a brief overview of the entity's business program(s) current operations.)

DMHC licenses and regulates health care service plans covering more than 28.4 million California residents (enrollees) under the Knox-Keene Act of 1975, as amended. To protect consumers, the DMHC takes timely action against health plans that violate the law. The OE represents the Department in actions to enforce the managed health care laws. When necessary, the DMHC pursues civil litigation to ensure health plans follow the law. The OE consists of the Division of Prosecution, the Division of Legal Administration, and the Division of Investigation.

The OE often resolves enforcement actions with health plans by requiring them to complete CAPs and / or pay administrative penalties. The CAPs are critical in changing health plan behavior as they typically target the root causes of violations of managed care law and require mitigation of the violations. The OE tracks CAPs to ensure they are completed by the health plans. In the case of repeat violations, the OE analyzes the reasons for such violations and determines appropriate remedies. The OE also tracks CAPs to promote consistency in disciplinary actions against plans.

In 2021, the OE opened over 800 cases and assessed over \$2.5 million in fines for 233 enforcement actions taken against health plans. Enforcement actions involved many diverse legal issues, including the following failures: addressing enrollee grievances, implementing IMR decisions in a timely manner, maintaining financial solvency, delivering basic health care services. The OE issued cease and desist orders, imposed administrative penalties (fines), froze enrollment, and required corrective actions.

- 3. How will this proposed project impact the product or services supported by the state entity?**

Currently, the OE manages disciplinary CAPs with an internal application. The existing CAP application provides limited functionality to create, manage, and track corrective action plans. When a CAP is created, staff identify all health plan deliverables and due dates. Health plans submit their deliverables primarily via email. In some situations, this can present security risks when the deliverable includes sensitive information such as Protected Health Information (PHI). The receiving OE staff, then transfer the deliverable to the CAP application. An OE staff member must manually review a CAP's status and determine the course of action. No automatic notification is sent if a deliverable is incomplete or missing.

The modern CAP application would permit the secure transfer of data from a health plan (or other entity) to the OE, which would ensure that communications concerning deliverables stay within the application, rather than being stored in a staff email inbox. Reporting tools and functionality would permit the department to monitor the status and summary of deliverables and remediation amounts for one or more health plans. Tracking tools and functionality would assist OE in tracking and resolving violations in a timely and efficient manner. Such functionality would allow OE to take appropriate legal action swiftly, if a plan failed to complete a CAP. An external tracking

interface would provide swift notice to a plan when a deliverable is overdue or incomplete and permit plans to track the progress of a CAP. Robust data analytic tools and functionality would assist in identifying root causes of repeated violations, crafting enhanced future CAPs, and or determining appropriate legal action. A single enterprise CAP system will also allow the OE and other offices to coordinate and collaborate in managing CAPs for any given health plan.

4. Business Program Name: Office of Financial Review (OFR)

5. Program Background and Context: (Provide a brief overview of the entity's business program(s) current operations.)

The OFR works to ensure stability in California's health care delivery system by actively monitoring the financial status of health plans and provider groups, known as Risk Bearing Organizations (RBOs), in accordance with the Knox-Keene Act. This ensures that health plans and RBOs are able to meet their financial obligations to consumers and other purchasers. In essence, the ability of health plans to timely pay their providers is critical to the healthcare system.

The OFR reviews health plan financial statements and filings, and analyzes health plan reserves, financial management systems, and administrative arrangements. To monitor and corroborate reported information, the OFR conducts routine financial examinations of each health plan and RBO every three to five years and initiates non-routine financial examinations as needed. Routine examinations focus on compliance with financial and administrative requirements that include reviewing the entity's claims payment practices and provider dispute resolution processes. Non-compliant health plans and RBOs are placed on CAPs, which require the health plans and RBOs to eliminate their deficiencies and maintain compliance with the Knox Keene Act.

6. How will this proposed project impact the product or services supported by the state entity?

The OFR's existing application provides staff with limited functionality to manage CAPs related to the financial condition and examinations of health plans. The proposed project will assist the OFR in managing all aspects of the CAP process, including the status of deficiencies (open or closed), a summary of deficiencies (violations) and remediation amounts for a specific or all health plans.

The OFR seeks a CAP application that would assist in tracking and resolving violations in a timely and efficient manner. This will help ensure health plans are financially viable and able to pay providers in a timely manner for the services provided to California consumers. The new system will allow the OFR to track examination findings and health plan remediations more effectively, resulting in more timely payments to providers. Through data analytics, OFR expects to identify potential repeat deficiencies that may flag a financial downturn in enough time to address and remedy the situation. The increased capability of this system will decrease the disruption in healthcare services and access issues for the more than 28.4 million Californians regulated by the DMHC. It will also ensure that deficiencies are tracked to ensure timely resolution, comparison of health plans current performance with prior performance, and comparison of compliance among health plans. This would result in focused monitoring and examinations of health plans to ensure that consumers receive the health care services they are entitled to.

In addition, the OFR seeks to automate the management of RBO CAPs resulting from

examinations. These CAPs are currently managed using a manual process. The new system will assist the OFR in reviewing and tracking RBO CAPs in a timely manner. In turn, health plans will be better placed to monitor the ability of their delegated RBOs to make timely payments and to track the progress of their CAPs in successfully correcting violations. The increased capability of this system will decrease the disruption in healthcare services and access issues for the millions of Californians who subscribe to the health plans and are serviced by the RBOs.

A single enterprise CAP system will also allow the OFR and other offices to coordinate and collaborate in managing CAPs for any given health plan.

7. Business Program Name: Office of Plan Monitoring (OPM)

8. Program Background and Context: (Provide a brief overview of the entity's business program(s) current operations.)

The OPM Division of Plan Surveys (DPS) assesses and monitors health plans' care and delivery systems for compliance with the Knox-Keene Act. The DPS the conducts evaluations (surveys) of health plan operations to improve health care delivery systems and ensure transparency in health plan performance. During surveys, DPS reviews health plan policies, procedures, health plan monitoring reports, data, and member records. DPS conducts routine surveys of each health plan every three years and initiates non-routine surveys as needed. DPS also conducts special investigations. Routine surveys focus on compliance with Knox-Keene Act requirements, any violation of the Act is documented as a deficiency in a Preliminary report issued to the plan. One survey can result in up to 25 deficiencies.

Plans are required to respond to the preliminary report within 45 days of issuance. DPS reviews plan responses to preliminary reports and issues a final report to the public noting whether a plan has corrected the deficiency or not. When it is determined that a health plan's CAP, in response to Preliminary report findings, fails to describe compliance efforts to the satisfaction of the Director, DPS may require a health plan to submit a supplemental response (SR). The plan is given 30, 45, 60 or 90 days from the Final report issuance to submit the supplemental response detailing additional actions taken to correct deficiencies. The DPS then conducts a follow-up survey to determine whether the plan has corrected the deficiency. During this process the DPS requests additional information and data from the health plan to assess whether the CAP was effective. Most health plans with deficient findings require a follow-up survey.

9. How will this proposed project impact the product or services supported by the state entity?

DPS does not have an existing CAP application. Health plans submit CAP descriptions and supporting documentation through the DMHC portal and all aspects of the CAP are manually tracked. The proposed project will assist the DPS in managing all aspects of the CAP process, including timeframes, responsiveness to the CAP, the status of deficiencies (corrected or uncorrected), a summary of deficiencies (violations) and remediation amounts if applicable. A single enterprise CAP system will also allow the OPM and other offices to coordinate and collaborate in managing CAPs for any given health plan.

10. Business Program Name: Office of Technology and Innovation (OTI)

11. Program Background and Context: (Provide a brief overview of the entity’s business program(s) current operations.)

The OTI manages the IT Assets and human resources across Enterprise Application, Infrastructure, Data, Project Management, Information Security, Enterprise Architecture and Technology Services domains.

12. How will this proposed project impact the product or services supported by the state entity?

The consolidation of existing and future CAP systems into a single NIMBUS Enterprise CAP solution will eliminate antiquated code that requires a significant number of staff resources to enhance, maintain and operate legacy systems. The adoption of low-code software configuration technologies will allow the OTI to achieve 100% force multiplication by leveraging configuration capabilities to eliminate custom coding and deploy solutions in 50% less time than a traditional software development / coding approach. This will result in a 100% increase in functional throughput by software developers, without the need to significantly increase staffing levels. *TIP: Copy and paste or click the + button in the lower right corner to add Business Programs, with background and context and impact descriptions as needed.*

1.6 Project Justification

1. Strategic Business Alignment

Enterprise Architect

Title: Enterprise Architect

Name: Vijay K Mopuru

Strategic Plan Last Updated? 7/15/2020

Strategic Business Goal: 2.A.5: Evaluate and redesign Enterprise application architecture

Alignment: The implementation of an Enterprise CAP system consolidates multiple existing CAP systems into a single Enterprise Architecture and enables the implementation of functionality for additional CAP processes.

Strategic Business Goal: 4.D.6: Conduct department-wide ongoing information technology and information security assessments, including updating and upgrading information technology infrastructure as needed

Alignment: The existing legacy CAP systems do not provide modern capabilities, require an exorbitant amount of software development time to implement enhancements, and does not

consist of a flexible architecture that will easily scale to support additional / new CAP processes. A new, modern and cloud-based Enterprise CAP system will allow the DMHC to consolidate its architecture and position it to be significantly more flexible to implement new business requirements as legislation and/or department needs warrant.

TIP: Copy and paste or click the + button in the lower right corner to add Strategic Business Goals and Alignments as needed.

Mandate(s): None

Bill Number/Code, if applicable: SB-858

Add the Bill language that includes system-relevant requirements:

SB-858 authorizes the DMHC to impose additional CAPs and penalties on health plans that are not compliant with the Knox Keene Act.

[Link to more information on SB-858 in the California Legislature website](#)

TIP: Copy and paste or click the + button in the lower right corner to add Bill Numbers/Codes and relevant language as needed.

2. Business Driver(s)

Financial Benefit: Yes

Increased Revenue: No

Cost Savings: No

Cost Avoidance: No

Cost Recovery: No

Will the state incur a financial penalty or sanction if this proposal is not implemented? No

If the answer to the above question is "Yes," please explain: Not Applicable

Improvement

Better Services to the People of California: Yes

Efficiencies to Program Operations: Yes

Improved Equity, Diversity, and/or Inclusivity: No

Improved Health and/or Human Safety: No

Improved Information Security: No

Improved Business Continuity: No

Improved Technology Recovery: No

Technology Refresh: No

Technology End of Life: Yes

1.7 Business Outcomes Desired

Executive Summary of the Business Problem or Opportunity:

SB-858 authorizes the DMHC to impose additional CAPs and an increase in penalties for Health Plans found to be out of compliance with the law. If a health care service plan fails to comply with the corrective action plan in a timely manner, the DMHC must monitor the health care service plan through medical surveys, financial examinations, or other means necessary to ensure timely compliance. Failure to comply with a CAP in a timely manner is grounds for disciplinary action. This legislation also increases the base amount of certain civil and administrative penalties.

CAP Problems and Opportunities

Currently, the Department operates two legacy CAP applications for the OFR and the OE. These legacy applications have limited functionality that has not been scaled to meet the needs of the DMHC. For example, the limited data analytics capabilities of the legacy application result in the OE personnel manually creating, compiling, and manipulating data to track and trend patterns of corrective actions. The limited reporting capabilities result in personnel manually generating reports using Microsoft (MS) Structured Query Language (SQL) Server Reporting Services (SSRS) and exporting them to MS Excel and Adobe Acrobat Portable Document Format (PDF).

As these legacy applications have reached their end of life, they are unable to scale up and accommodate the anticipated increase in CAPs that result from actions taken to enforce the provisions of SB-858.

The DMHC seeks to implement a new, modern cloud-based framework into which current and future CAP applications will be migrated to create a single enterprise CAP system for the department, eliminating siloed applications and data that exist today. The new solution would include workflow and process automation to eliminate the manual processes used to manage CAPs today. A robust data analytics functionality would permit analytical queries across data stores from the various offices, including the OE, OFR, and OPM. Such functionality would permit the DMHC to uncover hidden information, such as patterns, correlations and industry trends and preemptively address issues impacting health care in California. The solution would streamline the creation and manipulation of management reports for structured data and semi-structured data. A robust reporting functionality

would permit the Department to take existing information and present it in a way that is user friendly and digestible by management. Finally, the solution would permit the various offices to search for CAPS in one centralized location and allow them to coordinate and collaborate in managing CAPs for any given health plan.

Business Problem/Opportunity ID: 1

Business Problem/Opportunity Description: Increase efficiencies to OE program operations through enhanced CAP management capabilities.

Objective ID: 1.1

Objective: Reduce the number of hours spent by OE staff manually managing CAPs.

Metric: Number of hours spent by OE staff manually managing CAPs.

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), 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.

Business Problem/Opportunity ID: 2

Business Problem/Opportunity Description: Increase efficiencies to OFR program operations through enhanced CAP management capabilities.

Objective ID: 2.1

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

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.

Business Problem/Opportunity ID: 3

Business Problem/Opportunity Description: DMHC should be able manage all CAP types holistically and consistently

Objective ID: 3.1

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

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.

Enter any content that you want to repeat, including other content controls. You can also insert this control around table rows in order to repeat parts of a table.

TIP: Copy and paste or click the + button in the lower right corner to add Objectives as needed. Please number for reference.

TIP: Objectives should identify WHAT needs to be achieved or solved. Each objective should identify HOW the problem statement can be solved and must have a target result that is specific, measurable, attainable, realistic, and time-bound. Objective must cover the specific. Metric and Baseline must detail how the objective is measurable. Target Result needs to support the attainable, realistic, and time-bound requirements.

1.8 Project Management

1. Project Management Risk Score: 1.2

(Attach a completed [Statewide Information Management Manual \(SIMM\) Section 45 Appendix A Project Management Risk Assessment Template](#) to the email submission.)

2. Project Approval Lifecycle Completion and Project Execution Capacity Assessment

Does the proposal development or project execution anticipate sharing resources (state staff, vendors, consultants, or financial) with other priorities within the Agency/state entity (projects, PALs, or programmatic/technology workload)?

Answer: Yes

Does the Agency/state entity anticipate this proposal will result in the creation of new business processes or changes to existing business processes?

Answer (No, New, Existing, or Both): Both New and Existing Processes

1.9 Initial Complexity Assessment

1. Business Complexity Score: 1.0

(Attach a completed [SIMM Section 45 Appendix C](#) to the email submission.)

2. Noncompliance Issues: (Indicate if your current operations include noncompliance issues and provide a narrative explaining how the business process is noncompliant.)

Programmatic regulations: **No**

HIPAA/CIIS/FTI/PII/PCI: **Yes**

Security: **Yes**

ADA: **No**

Other: **No**

Not Applicable: **No**

Noncompliance Description:

Not Applicable

3. Additional Assessment Criteria

If there is an existing Privacy Threshold Assessment/Privacy Information Assessment, include it as an attachment to your email submission.

How many locations and total users is the project anticipated to affect?

Number of locations:

- Enterprise CAP System:
 - OE: Statewide
 - OFR: Statewide
 - OPM: Statewide

Estimated Number of Transactions/Business Events (per cycle):

- Enterprise CAP System:
 - OE: 50 to 150 (Yearly estimate of the number of health plan CAPs, not the number of transactions for each CAP)
 - OFR: 80
 - OPM: 25-35 (Yearly estimate of the number of health plan CAPs, not the number of deficiencies per CAP)

Approximate number of internal end-users:

- Enterprise CAP System:
 - OE: 53 to 65 users (Based on current positions at OE)
 - OFR: 60
 - OPM: 60

Approximate number of external end-users:

- Enterprise CAP System:
 - OE: Approximately 140 (One external health plan user per licensed health plan)
 - OFR: 350

- OPM: 136

1.10 Funding

Planning

1. Does the Agency/state entity anticipate requesting additional resources through a budget action to **complete planning** through the project approval lifecycle framework? **No**
2. If Yes, when will a budget action be submitted to your Agency/DOF for planning dollars? Please provide the Funding Source(s) and dates funds for planning will be made available:

Managed Care Fund (Fund 0933)

Project Implementation Funding

1. Has the funding source(s) been identified for **project implementation**? **Yes**

If known, please provide the Funding Source(s) and dates funds for implementation will be made available:

BCP for SB-858, with project funding in FY23-24 July 1, 2023

Will a budget action be submitted to your Agency/DOF? **Yes**

If “Yes” is selected, specify when this BCP will be submitted: **Within 14 days of Governors signature on the legislation. BCP was submitted to DOF on October 7, 2022 for FY 23/24.**

2. Please provide a rough order of magnitude (ROM) estimate as to the total cost of the project: **Less than \$10 Million**

The total cost for the project is estimated to be \$3.378 million, with the following breakdown:

- Enterprise CAP System
 - \$2,778,000 one-time consultant cost
 - \$600,000 platform cost plus 5% increase annually

End of agency/state entity document.

Please ensure ADA compliance before submitting this document to CDT.

When ready, submit Stage 1 and all attachments in an email to ProjectOversight@state.ca.gov.

Department of Technology Use Only

Original "New Submission" Date: [12/9/2022](#)

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Form Accepted Date: [12/9/2022](#)

Form Status: [Completed](#)

Form Status Date: [12/9/2022](#)

Form Disposition: [Approved](#)

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

Form Disposition Date: [12/9/2022](#)

Department of Technology Project Number (0000-000): [4150-034](#)