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Scope of Work - Change Requirements

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1. Overview

The Contractor shall utilize managerial and staff resources on this Contract who possess extensive Medicaid and dental services business knowledge, and the demonstrated capability to translate this knowledge into optimal technical and/or process solutions. Contractor managerial and staff resources shall employ industry accepted best practices in Project Management and Design, Development, and Implementation (DDI) throughout the term of the Contract. The Contractor shall ensure strict adherence to these Project Management best practices, and ensure retention of the highest quality trained staff to consistently deliver accurate estimates for all system/process development projects.

The Contractor shall participate and contribute, as required by the Contracting Officer, informal Information Technology (IT) governance processes and proceedings including, but not limited to, participation in State Service-oriented architecture (SOA) Governance Group and other Department of Health Care Services (DHCS) group meetings to ensure strategic use of technology to support California Health and Human Services Agency (CHHSA) and State priorities and business direction.

- a. The Contractor shall be prepared to administer this Contract containing a dynamic system with programs changing on a consistent basis, requiring numerous modifications to the California Dental Medicaid Management Information System (CD-MMIS) Operation. A high emphasis is placed on the Contractor having the capability to implement such changes in a timely and orderly manner.

This is intended to be the final Contract for the CD-MMIS, the claims processing engine. At its end, it will be consolidated into the Medi-Cal California Medicaid Management Information System (CA-MMIS) system. Unnecessary system changes will not be performed during this Contract. Changes resulting from federal and State legislation will still need to be made in a timely manner to meet legislative time frames.

- b. The Department recognizes that the scope and complexity of changes will vary widely. The Department requires assurance that a given change has been correctly applied. Department approval of change documents and related monitoring efforts will reflect this policy.
- c. The Department reserves the right to require the Contractor to contract with a Department-approved Independent Verification and Validation (IV&V), Independent Project Oversight (IPO), and/or Project Management (PM) contractors for the development and/or implementation of large/complex system changes. The contractors shall be reimbursed according to the Cost Reimbursement provisions of the Contract.
- d. The Contracting Officer may at any time, within the general scope of the Contract, by written notice, make changes to the CD-MMIS requirements. The Department will utilize a formalized process to notify the Contractor on an ongoing basis of changes to be made to the CD-MMIS. This process shall make use of the following documents:

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- 1) Dental Operating Instruction Letter (DOIL) - This document will be utilized to notify the Contractor of changes and clarifications made to the Medi-Cal Dental program's policies. This document will include instructions to the Contractor regarding the changes required, and language to be used by the Contractor in issuing provider bulletins or provider manual updates. This document will also be used to initiate various ongoing changes required of the Contractor throughout the Contract, the performance of which falls within the fixed Contract price. DOILs can also trigger the need for other change instruments and/or deliverables;
 - 2) System Development Notice (SDN) - This document will be utilized to notify the Contractor of system changes that require programming alterations to CD-MMIS mainframe and non-mainframe systems performed by the Systems Group (SG);
 - 3) Problem Statement (PS) - This document will, in some cases, generate corrections/modifications to CD-MMIS programs or Erroneous Payment Corrections (EPCs);
 - 4) Change Order - This document alters work to be performed by the Contractor and is described in Exhibit E, Additional Provisions;
 - 5) Business Requirements Documentation - This document will determine requirements and scope of requested CD-MMIS change. This document will assess existing CD-MMIS functional specifications in relation to the desired changes; and
 - 6) Miscellaneous Change Document (MCD) - This document will generate minor corrections/modifications per project, report, etc.
- e. The Contractor shall process, track, and report status of DOILs, SDNs, PSs, Change Orders, Business Requirement Documents and MCDs weekly. Refer to Exhibit A, Attachment II, Operations, Administrative Support of Contract Changes.

2. Contractor's Obligation to Implement

The Contractor shall be required to make changes mandated by the Contracting Officer. In the case of changes mandated by policy, regulation, statute, or judicial interpretation, the Contracting Officer may direct the Contractor to immediately begin implementation of any change. In the case of SDNs or Change Orders, (except as limited by review of federal and State control agencies), if so directed by the Contracting Officer, the Contractor shall be obligated to implement the required changes with concurrent negotiations of either SG hours or price revisions taking place. In those cases, SG work shall commence immediately, prior to the Contractor's response to the SDN.

The Department shall withhold twenty percent (20%) of the project's cost until the Department approves the closure of the project.

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3. Assumptions and Constraints

- a. The Contractor will work closely with the SG to ensure their activities are compatible with CD-MMIS Operations, and their work represents the best method to perform the task.
- b. The Contractor shall conduct an efficient and comprehensive system test, assisting the Department in streamlining the acceptance test process and ensuring CD-MMIS is fully operational in accordance with contractual time frames.
- c. The Security Risk Assessment Process for all work projects that require coding changes, including SDNs, DOILs, MCDs and PSs shall be completed by the Contractor's Information Security Office team. All deliverables shall be submitted in accordance with Exhibit E, Additional Provisions. Deliverables shall be reviewed and approved by the Information Security Officer prior to submitting to the Department for approval. Refer to Exhibit A, Attachment II, Operations, Information Security Office and Privacy Office. The following deliverables shall be approved by the Contracting Officer prior to the closure of the work project:
 - 1) Security Impact Assessment;
 - 2) Risk Assessment Questionnaire;
 - 3) Risk Assessment Deliverable; and
 - 4) Post Risk Assessment.

4. Contractual Responsibilities

The Contractor is required to perform all activities associated with the requirements of this Contract and CD-MMIS during the term of the Contract. These responsibilities, both manual and automated, are defined throughout this Contract. Compensation for this work will be made in accordance with CD-MMIS Fiscal Intermediary (FI) Contract, Exhibit B, Attachment I, Special Payment Provisions. Several of these activities are to be bid in the Contractor's prices for Scanned Claim/Treatment Authorization Request (TAR) Documents, and not the SG blended hourly rate. These include, but are not limited to:

- a. General Responsibilities
 - 1) Disseminate information on changes to CD-MMIS to all parties impacted by the change, including communicating with the Department on operating system modifications, system improvements, and emergency production changes;
 - 2) Maintain the system to ensure performance requirements (e.g. system uptime), and ongoing Operations are executed on time and cycle times are being met;
 - 3) On-going monitoring and maintenance to ensure capacity and volume of database areas and indexes meets the needs of the CD-MMIS, thus proactively preventing out-of-space errors which disrupt system availability;

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- 4) Any and all activities needed to maintain the functioning of the CD-MMIS according to Contract performance standards;
 - 5) Support Quality Management's (QMs) quality assurance efforts related to SG activities;
 - 6) Maintaining all computer operating system or system utilities, installing and maintaining licensed proprietary products or data base systems, and maintaining or operating equipment;
 - 7) Time needed to support normal system processing and on-going job set up;
 - 8) Providing Operations support to handle production-related failures, job control language (JCL) problems, and perform and/or coordinate all recovery procedures;
 - 9) Monitoring, scheduling, and running of special production jobs;
 - 10) Cycle Duty (Production, System, User Acceptance, Regression System);
 - 11) Monitoring, scheduling and running of all production, system test and user acceptance test jobs and cycles, including regression testing system;
 - 12) Supporting and maintaining all testing environments allowing for report generation of statistics between all environments. On a quarterly basis, run and produce a difference report between test and production environments/servers to ensure they are a mirror of each other. Provide a gap analysis and a plan to rectify any differences;
 - 13) Providing technical support to the Contractor's tracking and reporting systems;
 - 14) Maintenance of hardware and software (version control);
 - 15) Provide access to liquid crystal display (LCD) monitors/personal computers (PCs), test and production files, and libraries;
 - 16) Provide computer resources to sufficiently support SG activities;
 - 17) Provide portable PCs with encrypted remote capabilities to allow SG staff to perform emergency fixes off-site during non-working hours without requiring travel to the CD-MMIS facility;
 - 18) Identify inefficiencies or potential problems to proactively prevent system interruptions; and
 - 19) Adhering to all Privacy and Security requirements in compliance with federal and State statutes, regulations, and DHCS policy.
- b. General Information Technological Responsibilities
- 1) Ensure development and maintenance activities meet technology architecture policy goals and standards of DHCS and the State of California Chief Information Office (CIO);

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- 2) Developing and maintaining a technology architecture policy that meets the goals of the Department. The technology policy will be written in collaboration with the Department and will be periodically reviewed to meet changing business requirements and consider the vision for the CD-MMIS. The policy will also address operational issues, including project-level adherence to the technology policy and project-level compatibility with existing system architecture(s); and
- 3) Performing all disaster recovery requirements in compliance with the most current federal and State statutes, regulations, DHCS policy and requirements in accordance with CD-MMIS FI Contract, Exhibit A, Attachment II, Operations.

5. Systems Group

a. Systems Group Responsibilities

While the Contractor's responsibilities in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, are defined throughout the Contract, work to be performed by the SG is limited to only that provided in this section. Under no circumstances shall technical staff and supervisors assigned to SG work on activities not specified in this section. Precluded activities include work required under contractual responsibilities, work related to other contracts or Contractor's internal operation, the Takeover or Turnover work requirements, normal production processing, the maintenance update of the computer operations system, and the setup or running of programs and correction of all errors to CD-MMIS.

- 1) The purpose of the SG is:
 - a) To design, develop, and implement Department-required modifications to the CD-MMIS. This includes all Department-initiated modifications and may, at the Department's sole discretion, include Contractor-initiated changes if the Contracting Officer believes implementation of those changes by the SG is in the best interest of the Department, and
 - b) To provide technical support for the problems that will require changes to the applications programs. These problems are identified and tracked by the Enterprise Project Management Office (EPMO) detailed in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, Administrative Support of Contract Changes.
- 2) The SG will resolve all emergency application programming problems. The Contractor shall notify the Department of any emergency programming maintenance performed within twenty-four (24) hours of its occurrence. The notification shall state the nature of the problem, where it was located, when it was discovered, what caused the problem, who fixed the problem, and whether the fix was temporary or permanent. The data will also be entered into the EPMO reporting system. If the fix was temporary, the Contractor shall comply with the requirements as specified in Exhibit A, Attachment II, Operations, Administrative Support of Contract Changes to proceed with a permanent fix. In addition, the Contractor shall be responsible for updating the Change Control Log and for complying with all data processing, documentation, and trouble-reporting

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requirements specified in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, Data Processing and Documentation Responsibilities.

- 3) Data shall be collected on the emergency programming fixes, discrepancies, and problems identified during post implementation review to identify if problems are occurring in patterns or trends. Data shall be reported to the Department on a monthly basis. This data shall be analyzed to develop processes and procedures to avoid similar issues and utilize best practices, develop efficiencies, and to avoid future issues.
 - 4) The Department shall, in cooperation with the Contractor, exercise full control over the work to be performed by the SG. Project priorities will be set by the Contracting Officer and will be communicated to the Contractor. The Contractor shall notify the Contracting Officer when modifications in priority have a material impact on scheduling or when staff re-allocation is needed to meet a planned implementation date. The Contractor shall be responsible for assuring that the SG performs quality work in a timely manner.
- b. Systems Group Organization
- 1) The SG organizational structure shall utilize metrics and controlled processes as a foundation for administrative and technical oversight that results in both maintenance and development work being performed in a cost effective, high quality manner.
 - 2) High quality resources shall be applied at the beginning of projects and throughout the life of the project. New resources shall be mentored, and become value-added contributors as quickly as possible. Named positions described below are referenced in Exhibit I, Staffing Qualifications. Under no circumstance shall work described in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations be billed by the SG organization.
 - 3) The SG organization staffing plan shall include a combination of resources sufficient to support DHCS business needs including, but not limited to:
 - a) Project Managers;
 - b) Business Analysts;
 - c) System Designers;
 - d) Programmers;
 - e) Testers;
 - f) Database Administrators;
 - g) Technical, analytical and business support staff; and
 - h) Administrative/clerical/documentation support staff.

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- 4) Each resource identified in the SG organization staffing plan shall include Job Classification Designation levels for each resource type bid, with a minimum of sixty percent (60%) SG staff having a senior level.
- 5) The SG organization staffing plan shall also include the number of staff within each Job Classification Designation for each Contractor resource type.
- 6) The Contracting Officer shall utilize the combination of both resource type and staffing level as a baseline to monitor the quality of the SG organization staffing plan over the term of this Contract.
- 7) The Contractor shall maintain an SG organization staffing plan that is consistent with, and adheres to, the accepted SG organization staffing levels included in the Contractor's Narrative Proposal.
- 8) A single blended hourly rate shall be utilized across all direct SG development resources performing work on approved billable tasks. Indirect costs associated with the SG billed activities, including managerial and clerical/administrative support staff, equipment and overhead costs, shall be included into the SG blended hourly rate.
- 9) The combination of resources shall be maintained and available for review and written approval by the Contracting Officer.
- 10) The SG organization is responsible to effectively collaborate with the EP MO and the Administrative Services Organization (ASO) Contract Administrative Support to provide supporting data as part of the portfolio management and reporting activities (as defined in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, Administrative Support of Contract Changes, and California Dental ASO Contract, Exhibit A, Attachment II, Operations, Administrative Support of Contract Changes). EP MO related activities, administrative, management, maintenance, and operational activities shall not be billed on an hourly basis. These responsibilities shall be included in the SG blended hourly rate. Only allowable and approved development activities shall be billed at the SG blended hourly rate.
- 11) The SG Organization shall include resources to perform both billable and non-billable activities, including direct and in-direct costs.
- 12) The SG shall be fully staffed beginning one week before the assumption of TAR processing through the duration of this Contract. The Contractor shall employ a SG organization comprised of:
 - a) Key Management Staff - SG management shall be responsible for the following:
 - i. The timely completion of changes to the CD-MMIS and prevent obstacles to project completion;

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- ii. Initial analysis of all SDNs and SDN responses, including an assessment of the project commencement date utilized to determine priority with the EPMO;
 - iii. Collaborate with the EPMO utilizing project plans to identify milestones and deliverables under which invoices precedent to payment will be linked. Milestones and deliverables shall be approved in writing by DHCS;
 - iv. Ensure proper management for maintenance, system development and Operations activities;
 - v. Ensure proper management control of the SG's work activities, including staff-to-first-line-manager ratio of no greater than eight to one ;
 - vi. Monitoring SG staff performance to ensure successful system maintenance and implementation of new development;
 - vii. Conducting staff and administrative meetings;
 - viii. Participate in project meetings;
 - ix. Communicating with the Department on operating system modifications, enhancements, and emergency production changes; and
 - x. Keeping the Department informed of the status of projects and any need to reassign staff prior to reassignment.
- b) Technical Staff - SG technical staff shall perform the following DDI activities:
- i. System improvements and modifications to existing application programs and manual procedures that provide greater operational effectiveness or efficiency to those programs, procedures, or the CD-MMIS as a whole. Each modification to the CD-MMIS database and applications programs and file structures shall include the Contractor's consideration regarding whether changes to all applications programs are necessary, and whether changes to reports are needed. If the modification calls for creating a table, the Contractor shall provide for program access to the table through the CD-MMIS via the appropriate Reference File Subsystem;
 - ii. Major Development - New functional applications and procedures of CD-MMIS. This includes the replacement of an existing program or procedure with a new one as well as the addition of a new program or procedure;
 - iii. Edit/Audit Development - Applications programming related to the revision of existing, or the addition of new edits/audits;
 - iv. Report Modifications - Maintenance or revision of existing or development of new reports;

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- v. Programming required for correction or resolution of PSs identified in the Problem Correction System (PCS). This includes changes to CD-MMIS application programs and programming changes related to EPCs;
 - vi. Corrective Action Plan (CAP) preparation, implementation of Department-approved CAP(s), and generation of correction notices pertaining to application programs; and
 - vii. Programming support for the Department's ad hoc report requests.
- c) Administrative, Clerical, and Technical Writing Staff
- i. Adequate clerical staff to meet and perform the clerical and word processing support needs of the SG. It shall be the Contractor's responsibility to ensure accuracy of the documentation.
 - ii. Adequate technical writing staff to develop and maintain new and updated systems and user documentation, including supporting the documentation requirements of the Contract. At a minimum, staff shall be responsible for maintaining a library of complete system and user documentation for all systems in production. Staff will maintain the accuracy and organization of the documentation library by ensuring that system and user changes are promptly and correctly documented.
 - iii. All other office and administrative support required to perform SG activities (i.e., photocopying, filing, answering telephones, scheduling meetings).
- d) General CD-MMIS Operations Specialist/Liaison

The Contractor shall assign a minimum of one dedicated CD-MMIS Operations Specialist/Liaison whose sole function shall be to provide consultation to the Department. This staff member falls within the non-billable category and shall not share any of the responsibilities that the Contractor's staff shall perform to support the SG, such as the management, documentation, and administrative structure staff already included in the Contractor's bid rate for the SG.

- i. The CD-MMIS Operations Specialist/Liaison shall have the skills, knowledge, and ability to:
 - A. Effectively evaluate claims processing output results to determine system errors;
 - B. Detect potential adverse impact(s) of system changes to recently enacted program policy prior to implementation;
 - C. Identify and confirm the need for system modifications or improvements;

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- D. Analyze the alternative means for implementing the system change, including defining the method of change; and
- E. Develop, assist, and/or complete a Business Requirements Document (BRD).
 - ii. Specific CD-MMIS claims processing skills, knowledge, and ability shall be acquired and developed within the first year of assignment to this position.
 - iii. The CD-MMIS Operations Specialist/Liaison shall perform assessments of existing CD-MMIS functional specifications in relation to the desired change.
 - iv. The CD-MMIS Operations Specialist/Liaison shall possess current knowledge of Health Insurance Portability and Accountability Act (HIPAA) and Medicaid Information Technology Architecture (MITA) standards to ensure CDMMIS is compliant with the implementation of all change instruments.
 - v. The CD-MMIS Operations Specialist/Liaison shall prepare gap analysis of desired functionality.
 - vi. The CD-MMIS Operations Specialist/Liaison shall educate DHCS staff on CD-MMIS processing as it pertains to the high level requirements provided.
 - vii. The CD-MMIS Operations Specialist/Liaison shall assist the Department to ensure results from data requests are accurate and timely.
 - viii. The CD-MMIS Operations Specialist/Liaison shall assist the Department with facilitating federal and State audits to provide required data, records, files and/or supporting documentation.
 - ix. The CD-MMIS Operations Specialist/Liaison shall identify technical alternatives for implementing CD-MMIS changes.

6. Additional Systems Group Responsibilities

The SG organization is responsible for all operational activities necessary for ensuring all changes requested are implemented timely and accurately. The following activities shall be included as part of the Contractor's fixed price Scanned Claim/TAR Document bid price:

- a. Conduct Joint Application Development (JAD) sessions to determine detail level requirements.
- b. Staff to ensure proper management control for EP MO activities; Collaborate with the EP MO to ensure document control, adherence to required hours, timeframes, and

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- status of reports to the Department for each SDN, PS, MCD, and Contractor-initiated change.
- c. Possess current knowledge of HIPAA and MITA standards to ensure CD-MMIS is compliant, and to evaluate and ensure MITA maturity is increasing. This includes, but is not limited to, updating the MITA Self-Assessment. The Department's expectation/requirement is that the Contractor possesses HIPAA and MITA subject matter experts and that their skills and knowledge are updated and remains current. It is the Contractor's responsibility to ensure staff is properly trained.
 - d. Modify and implement all application programs and manual procedures needed to bring the Contractor into compliance with existing Contract standards and responsibilities.
 - e. Apply updates to all tables, subsystem files, manuals and the addition of new codes or coding structures that are impacted by the change. All table updates shall be performed on a daily basis to provide continuous and current table information.
 - f. Perform a second verification prior to any new or updated data being used in production. Another staff person shall perform this second verification other than the individual(s) who initially input the data. Results of this second verification shall be documented in a log or report and be available to Department monitoring staff.
 - g. Provide walkthroughs on deliverables for all phases of system development.
 - h. Ensure training new staff (for both the technical aspects of their positions and the Department policies/procedures) shall be conducted as a non-billable task.
 - i. Train staff so they are fully skilled to effectively carry out all SG functions. Under no circumstances shall "On the Job Training", "shadowing", and/or peer review be hourly reimbursable under this Contract.
 - j. Ensure all staff assigned to the SG receives on-going and continuing education training and technology training on the CD-MMIS System to ensure staff remains current in the knowledge and understanding of CD-MMIS. The Contractor shall track and report in a special category in the time reporting system on a monthly and annual basis, broken out by staff name and classification. SG time to attend this training is non-billable. (External and Internal training).
 - k. Provide specialized support to provide consultation to the Department.
 - l. Accept and support all newly implemented systems or modifications of existing programs.
 - m. Ensure that all new data elements are properly documented and entered into the Data Element Dictionary (DED). The CD-MMIS DED shall be a tool to assist the Contractor and Department staff in researching the system to identify and fix system problems and to make programming changes pursuant to SDNs and enhancements. All data elements are to be consistent with other terminology including common business names and descriptions.

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- n. Maintain a library of complete system documentation for all systems in production. SG shall maintain the accuracy and organization of the documentation library by ensuring that system changes are promptly and correctly documented.
- o. Ensure adequate analytical, training and business resources necessary to comply with and meet all requirements of the SG.
- p. Develop and generate Ad hoc Reports. Ad hoc reports shall be defined as reports generated for a specific and immediate purpose or under special circumstances. These reports are not part of normal Operations unless a change instrument is issued to begin the DDI process.

7. Systems Group Billing

The SG activities include responsibility for all system programming changes authorized by DHCS. The Contractor shall not bill DHCS for any SG hours without prior written approval. The total billable hours authorized for these changes will increase or decrease throughout the term of the Contract. These hours do not fall within the Scanned Claim/TAR Document bid rate and are incorporated into the SG blended rate. The following requirements apply to the SG billable resources:

- a. The Contractor shall make available SG billable resources necessary to support the level of development activity anticipated and authorized by DHCS as part of the blended SG rate. This requirement is for all mainframe and non-frame applications.
- b. When the Contractor removes a staff person from assignment to the SG, that staff person shall not be reassigned to the SG without Department approval. The Contractor shall submit all required information on a new, qualified nominee as required in Exhibit E, Additional Provisions, Contractor and Subcontractor Employees. Additionally, the Contractor shall request from the Department approval of every individual to be assigned to the SG as a manager, technical, or supervising staff person and shall submit to the Department that individual's resume or application. The Department reserves the right to reject an individual being assigned to SG and require the Contractor to transfer or reassign specified SG employees. Staff in the SG will be assigned exclusively to the SG; there shall be no sharing of staff between the SG and Operations. The Contractor may, with approval of the Contracting Officer, temporarily reassign an individual with unique expertise to the SG or from the SG to Operations for the performance of a specific project when such assignment will enhance implementation of a specified project. Individuals temporarily assigned to the SG will be paid at the blended SG hourly rate. SG staff temporarily reassigned to Operations shall not be paid by the SG payment mechanism.
- c. Billable hours will be reimbursed depending on the volume of hours for a given year, specified in the bid sheets. The billable rate for the SG shall be based on an annual range of forty eight thousand, six hundred (48,600) to fifty four thousand (54,000) hours.

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- d. The hour threshold shall be defined as “actual” billable SG hours, and shall not include non-billable activities.
- e. The Department recognizes that the nature of the required functions of the SG may change as the Contract evolves and reserves the right to revise the number of SG hours applicable for each State Fiscal Year, or within a twenty-five (25) State work day written notice. Additionally, the Contractor may propose changes to the staffing mix, to be approved by the Department. The Contractor shall be responsible for ensuring that the SG coordinates with the Department on all of its work responsibilities.
- f. At the Contracting Officer's discretion, the Contractor shall be able to maintain a sufficient minimum number and mix of SG staffing levels to satisfactorily meet the requirements of Exhibit A, Attachments I, II, III and IV, and to receive, and effectively and efficiently complete, all prioritized projects and assignments authorized by the Contracting Officer consistent within the base hours. Failure to comply with this requirement will constitute failure to provide the deliverable.
- g. The billable rate for the SG shall be based on an annual range of forty eight thousand, six hundred (48,600) to fifty four thousand (54,000) hours. The Contracting Officer may at his/her discretion, raise or lower the annual range of hours based on budgetary requirements, project inventory, or priority needs. The primary blended SG rate shall apply to all hours billed within the base annual range and shall be representative of a billable person hour. Hours that exceed or fall below the base annual range may be subject to a new blended rate negotiated through the Change Order process.
- h. Only the hours of the technical SG staff, or any increased or decreased technical staff, is/are billable to the Department. Hours for the support staff activities (e.g., managerial, supervisory, clerical, technical writers, Operations Specialists/Liaisons) are not billable, and their costs shall be included in the SG blended rates.
- i. Depending on the actual work performed, certain SG hours will be billable to the Department for payment. Other hours of SG work are not directly billable to the Department. Time spent on the following tasks or activities are billable to the Department:
 - 1) Business Rules Extraction (BRE) shall be performed as part of the Data Library rollout. The BRE shall become a component of each change instrument requiring system changes, and will be due after implementation, and its completion will be a precedent to SG payment for that project;
 - 2) SDN activity beginning with the Specific Functional Design (SFD);
 - 3) MCD activity beginning with the action plan deliverable;
 - 4) PSs beginning with the CAP deliverable;
 - 5) EPCs beginning with the CAP deliverable;

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- 6) BRDs needing SG technical support;
- 7) Department-requested research/consultation shall be reported as DHCS-Consult and shall not exceed the approved pre-authorized limit, as directed by the Contracting Officer;
- 8) Hours shall reflect actual work performed based on the level of tasks equal to the technical level of the staff unless approved by the Contracting Officer. Under no circumstances shall "On the Job Training" or "shadowing" be hourly reimbursable under this Contract;
- 9) Project and Implementation Plans shall be defined as scheduled deliverables for monthly invoicing. Refer to CD-MMIS FI Contract, Exhibit B, Attachment I for SG.
- 10) Activities and/or deliverables identified in Project and/or Implementation Plans shall be defined as scheduled deliverables for monthly invoicing. Refer to CD-MMIS FI Contract, Exhibit B, Attachment I for SG; and
- 11) Time spent prior to any billable activity phase is not reimbursable under Hourly Reimbursement. It is the Contractor's responsibility to use all available resources regardless of billable/non-billable status to ensure all the deliverables comply with the requirements set forth in the Contract for Department approval.

8. Establishment of Hours

- a. Project hours will be based upon projected actual work hours exclusive of time off and administrative time. Project hours shall be established for each phase, unless otherwise directed by the Contracting Officer. The Contractor's hour estimates may be subject to review and approval by an independent consultant prior to approval by DHCS. DHCS reserves the right to negotiate the price/hours at any time during the project.
 - 1) A key to the successful operation of the SG is the quality of the Contractor's estimates and supporting documentation. Therefore, the SG in collaboration with the EP MO are required to utilize a best of breed Commercial Off The Shelf (COTS) project estimation methodology and technology that is comprehensive, verifiable, and straightforward to permit detailed Department review of the estimate. The Department shall review project estimates and shall approve all estimates before work may begin.
 - 2) The Contractor shall be responsible for providing estimates and adhering to those estimates. Phases that exceed the established and agreed upon estimates shall be justified, or the invoices shall be cut back to the agreed upon hours, at the sole discretion of the Contracting officer.
 - 3) The Contracting Officer may, at any time, alter the project scope through a revised SDN and/or cancel a project through written communication. The Contractor shall then have ten (10) State work days, or more if authorized by the

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Contracting Officer, to respond to the revised SDN in the format prescribed above.

- 4) Hours billed that exceed prior authorization for any given phase shall not be payable.
- 5) Upon approval of the estimated time and cost for any change instrument, the Contractor shall be responsible for staying within that price. Time and costs that will exceed the established estimate shall be justified using the change requirements change process or at the sole discretion of the Contracting Officer.

9. Scheduling of Systems Group Resources

- a. The Contractor shall assign staff to projects according to a clearly defined Contractor-developed methodology that the Department has approved. The purpose of this methodology is to allow the Department to:
 - 1) Recognize which staff are available for assignment;
 - 2) Verify the appropriateness of staff assignment in terms of specific job requirements;
 - 3) Assess the impact of staff assignment decisions on other projects; and
 - 4) Identify any need for additional resources over those currently available.
- b. The Contractor shall be responsible for proposing the assignment of staff to tasks according to the established methodology. The day-to-day supervision of these resources will be the Contractor's responsibility. However, the Department retains the right to reject any manpower scheduling/staff assignments proposed by the Contractor that are inconsistent with the objectives for the SG.

10. Department's Right to Terminate

The Department reserves the right to terminate the entire SG and seek other methods to assume its function with a one hundred eighty (180) day advance written notice to the Contractor and the Contractor may be instructed to pay for a replacement via the Cost Reimbursement provisions of the Contract. In the absence of the SG, work normally assigned to SG may be performed through Change Orders as specified in Exhibit E, Additional Provisions, Change Orders. The Contractor is responsible to acquire, train, and make SG staff available as directed by DHCS within the base annual range of hours as development needs increase or decrease throughout the term of the Contract. DHCS, at its sole discretion may contract out a portion of the development activities to a third party. Payment for this work will be made under the Cost Reimbursement provisions of the Contract. The entity replacing the Contractor's SG will take over all or part (as defined by the Contracting Officer in the termination notice) of the SG responsibilities and will report directly to DHCS.

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11. Transfer to CD-MMIS Operations

The Contractor's Operations staff shall be responsible for the transfer of newly developed system components from the SG to CD-MMIS Operations. When new components have been completed by the SG and approved by the Department, installation and operational responsibility for these components shall be transferred to the Contractor's Operations Responsibilities and the components will be considered implemented. Thereafter, the production of all reports and other output from the implemented system will no longer be the responsibility of the SG.

12. Contractor-Initiated Changes and Emergency Fixes

- a. All Contractor-initiated changes shall be proposed to the Department prior to implementation, and shall be subject to written approval by the Contracting Officer. Each proposed change submitted to the Department will include a description of the change and identify the general functional requirements necessary to complete the proposed modification. Upon receipt of the Contracting Officer's approval, the Contractor shall proceed within the Contractor phase and deliverable structure in accordance with this Contract.
- b. The Contractor shall provide the Department with the specified deliverables, each subject to approval by the Contracting Officer. The Department reserves the right to alter, delay, or cancel implementation of any change.
- c. The only exception shall be emergency fixes performed by the Contractor to correct program and/or system failures (such as data exceptions) outside of normal State business hours. In such a case, the Contractor shall notify the Contracting Officer of the change on the first State working day after the change and provide the items outlined above to the Department within five State work days after the change has been completed. Any other exceptions shall require written approval from the Contracting Officer prior to the start of the given change.

13. Dental Operating Instruction Letter (DOIL)

DOILs instruct the Contractor to implement new/modified policies, automate manual processes and/or update CD-MMIS tables and/or files. This document shall be submitted to the EPMO. SG shall be responsible for assessing DOILS to determine the level of system impact. All SG time prior to a formal change instrument is initiated shall be non-billable and included in the fixed price Scanned Claim/TAR Document bid rate. If the DOIL requires more than a reference change, the EPMO is responsible to ensure the appropriate change instrument process is performed. Refer to Exhibit A, Attachment II, Operations, Administrative Support for Contract Changes and requirements as described throughout this Contract for deliverables required to implement system changes. SG shall be responsible to perform System Testing for all reference changes.

14. System Development Life Cycle (SDLC) Process

EPMO Contract standards defined for System Development Life Cycle (SDLC) methodologies shall, at a minimum, meet or exceed the requirements for Capability Maturity Model Integration (CMMI) Level 3 or ISO/IEC 12207:2008. The SDLC shall be

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flexible, as not all projects required the same type or level of SDLC. The Contractor's SDLC shall always include four phases of system DDI:

a. General Description of Phases

- 1) Phase I - SDN Notice/Request, SDN Response, initiate Security Impact Assessment, and obtain DHCS authorization to proceed;
- 2) Phase II - Specific Functional Design, and Project Plan Development, Complete Security Impact and initiate Risk Questionnaire Deliverables;
- 3) Phase III - Technical System Design, Risk Assessment, Test Plan to include definition/preparation of systems test criteria (developed by SG), and acceptance test criteria (developed by QM), Programming, Testing, and Education/Training; and
- 4) Phase IV - Implementation, Post-implementation review and Post Implementation documents.

b. The Contractor shall, as deemed necessary by the Department, be required to perform any one or a combination of the non-technical system development phases, including but not limited to, Project Definition and Analysis (PDA) and General Functional Requirements (GFR). The Contractor shall be required to provide walkthroughs on deliverables for all phases of system development, unless waived in writing by the Contracting Officer. Deliverables for these walkthroughs shall be delivered to the Department five State work days prior to the walk-through, and the sessions shall be limited to two hours, unless prior Department approval is granted. Implementation approval walk-throughs shall be held no less than one week prior to the scheduled operational date, unless prior Department approval is granted. If draft deliverables are used, final deliverables shall be delivered to the Department within ten (10) State work days of the walkthrough approval.

c. Certain development projects undertaken in this Contract will require the involvement of providers and provider associations in defining system requirements and testing. In those cases, the Contractor, in coordination with the Department, shall obtain provider involvement.

d. Each required deliverable in each phase shall meet Contract documentation standards as specified in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, Data Processing and Documentation Responsibilities. The Contractor shall provide a soft copy for any SDN deliverable or deliverable update. Hard copies shall be provided upon Department request. For any SDN deliverable or deliverable update, the Contractor shall prepare and submit to the Department, on a timely basis, all necessary updates to the CD-MMIS Detailed Design Documentation (DDD).

e. The format of all deliverables shall be approved by the Department. Once the Department has approved the format, the Contractor shall submit all deliverables in the Department approved format.

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15. SDLC Phase I

a. SDN Notice / SDN Notice Request

- 1) PDA Phase - The initial PDA Phase involves identifying and confirming the need for a modification of the system or system improvement and analyzing the alternative means of implementing the change. SG management, EPMO and CD-MMIS Operations Specialists/Liaisons shall participate in discussions with the Department regarding alternatives and their system impact. It is anticipated these meetings will take place on an informal and scheduled basis during the course of normal business.
- 2) Identify the GFR. The GFR includes a general description of the various objectives of the change/modification and the general desired results/solution. Include a description of the policy requirements, general description of the types of input information required by the system, general description of the processing results required and general description of the system output, outlining the format and use. EPMO shall coordinate all participants required to complete the GFR (i.e.; ASO Contracting Staff, SG staff and management).
- 3) To initiate development activity, the Contracting Officer will issue an SDN Notice or approve the Contractor's SDN Notice request. The SDN Notice or SDN Notice Request will define the change, assess the priority of the change, determine whether phases and deliverables shall be consolidated, and requested operational date(s). The SDN Notice / Request shall include requirements and information identified in the PDA and GFA phases.
- 4) The Contractor may only move forward with the SDN Notice or SDN Notice Request after receiving the Contracting Officer's approval.
- 5) The Department shall have the flexibility to authorize an SDN process that is shortened, thereby providing expedited delivery which may include combined documentation and/or approvals.

b. SDN Response

The Contractor shall have ten (10) State work days, or more if authorized by the Contracting Officer, to respond to an SDN. In that response, the Contractor shall submit the following:

- 1) SG Project Manager;
- 2) A preliminary estimate of the date when the project can begin in relation to projects currently scheduled for the SG;
- 3) An assessment of any lower priority projects that shall be delayed for implementation of the project and the impact of the delay on the schedules of the lower priority projects. The Department reserves the right to postpone or terminate a project during any portion of a phase;

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- 4) A preliminary estimate of both developmental and Operations cost that detail costs by project phase and identify both staffing hour costs, as well as any needed hardware or software costs that would be needed to achieve the SDN stated business objectives;
- 5) A preliminary estimate of hours, dollars, and staffing levels for each phase as well as for the entire project; and
- 6) The first part of the Security Impact Assessment completed by the Contractor's Information Security Office team and reviewed and approved by the Contractor's Information Security Officer. The Contractor's Information Security Office team shall be staffed in accordance to Exhibit I, Staffing Requirements.

16. SDLC Phase II

- a. Specific Functional Design - The Contractor shall describe the design approach in this document from which the technical staff shall produce programming specifications.
 - 1) An SFD document shall contain:
 - a) Description of functional requirements;
 - b) Description of existing functional specifications in relation to the desired change;
 - c) Gap analysis of desired functionality;
 - d) A list of input files and data items to be used;
 - e) Data item descriptions;
 - f) Step-by-step process definitions, for both computer and manual processes, including a program-level design;
 - g) Definitions of report contents at a data item level;
 - h) Descriptions of any other output;
 - i) Data flow diagrams and process models to help users understand what is being done under the SDN;
 - j) Timing and frequency of operations of the system;
 - k) Special considerations in developing the technical system design; and
 - l) Table Layout Descriptions.
 - 2) Complete the final Security Impact Assessment.

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- 3) Once the Department has formally approved the SFD document, the Contractor shall not change the SFD document without Department approval.
- b. Project Plan Development - The Contractor shall collaborate with the EPMO to develop a comprehensive project plan that contains a detailed estimate of hours, dollars, and staffing levels for each phase as well as for the entire project. In addition to a breakdown by phase, the project schedule shall identify monthly milestones and deliverables to be completed precedent to payment. The Contractor may provide a revised estimate of the project's schedule, hours, and cost from the estimate originally submitted at the SDN response. This revised estimate shall be no more than twenty (20) percent deviation from the original estimate.
 - 1) Deliverable - The project plan shall provide a completion date and include a plan for performing the post implementation review. The project plan shall at a minimum include:
 - a) Start date, implementation date, history of all revised dates, monthly milestones, deliverable milestones, completion dates, predecessor and successor activities, history of all revised cost estimates, include cost and activities associated with hardware/software purchases, and contingency and risk mitigation plans and activities;
 - b) The tasks to be performed including a subdivision of the task into major tasks and subtasks;
 - c) Personnel hours, personnel classifications required, and other resources for each subtask summarized by major subtasks, tasks, and costs;
 - d) Methods the Contractor will use to control work performance;
 - e) Problems anticipated and contingencies developed;
 - f) Total cost of the project; and
 - g) A schedule for the task in narrative and a Gantt Chart or equivalent.

Risk Assessment Questionnaire - The Risk Assessment Questionnaire shall be completed by the Contractor's Information Security Office team prior to developing the Risk Assessment Deliverable.

17. SDLC Phase III

- a. Technical System Design (TSD) – The Contractor shall describe the design approach in this document from which the technical staff shall produce program level specifications and an overall system design for use by programming and Operations staff in implementing the system. The overall design shall be based on the design given in the specific functional design, but will contain more technical detail.

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- 1) Deliverable - The Contractor shall maintain the TSD as a dynamic document that shall be updated to reflect changes as they occur. The TSD document shall contain at a minimum:
 - a) Overall system design showing each individual program and the inputs and outputs for each;
 - b) Specifications of sufficient detail, including logic diagrams, to allow the programmer to begin developing programming code. This may include general system design program flowcharts, job/file flowcharts, and /or program logic flowcharts;
 - c) File layouts for all input and output files for each individual program;
 - d) Listing of all tables, programs, and interfaces potentially impacted by the change and the status or action taken (i.e., new, modified, updated, or recompiled); and
 - e) Address all additional business and technical requirements required by the Risk Assessment Deliverable.
- b. The Contractor's Information Security Office team shall identify, from the completion of the Security Impact Assessment and the Risk Assessment Questionnaire, current risks and threats to the business. The Contractor's Information Security Office team shall analyze the data and at a minimum create prioritized risk reduction/mitigation strategies.
 - 1) Deliverable - The Risk Assessment shall include measures to be implemented to eliminate or reduce those potential risks. This deliverable shall be reviewed and approved by the Contractor's Information Security Officer. The Contractor shall submit to the Contracting Officer for approval ten (10) State work days prior to the submission of the TSD. At a minimum, this should include:
 - a) Results from the Risk Assessment Questionnaire;
 - b) Risk and Threat Identification;
 - c) Probability of Occurrence;
 - d) Vulnerability to Risk;
 - e) Potential Impact of Risk;
 - f) Preventative Measures; and
 - g) Previous Disruptions.
- c. Test Plan - The Contractor shall develop a detailed plan describing each of the program areas modified as a result of the system change and how the Contractor intends to verify that the system changes are operating as designed.

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- 1) Deliverables – The test plan shall describe:
 - a) The testing scope;
 - b) Supplemental document to include testing dates;
 - c) Testing training required;
 - d) Test Environment and Design requirements which shall identify:
 - i. Data Conditions;
 - ii. Hardware;
 - iii. Software;
 - iv. Access;
 - v. External Resources; and
 - vi. Data Trading Partners.
 - e) The change to be tested;
 - f) Detailed test cases including items to be tested and pass/fail criteria;
 - g) Clearly define, uniquely identify, and independently schedule each test to be performed;
 - h) The general information required;
 - i) The input required to perform test. Include input that will perform expected fail test results;
 - j) The process to generate results;
 - k) The expected results;
 - l) Detailed test traceability matrix of all known test conditions/criteria developed by the Contractor and State staff to be used for stand-alone, parallel, stress, and volume testing for systems testing, acceptance testing, and/or the integrated test facility; the matrix shall identify/trace the mapping between the requirements and the test condition/criteria; and
 - m) Additional test cases required by the Risk Assessment Deliverable.
- d. Programming - The Contractor shall produce executable instructions based on the specifications developed in the TSD. In this step, each program specification will be

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- converted into executable instructions and modified until these instructions are syntactically correct.
- e. Testing - The Contractor shall produce individual test programs and a total test system, which shall assure the desired results for the system change and shall develop the user organization methods and procedures needed to support the system. At a minimum the testing activities shall include the following:
- 1) The individual programs shall be tested to ensure that the information is processed correctly. Individual program interaction tests and full system tests shall be performed respectively (including stress test). The Department and SG shall have access to the system-testing environment. The Contractor's manual control procedures and the Department's user procedures will be developed and tested;
 - a) Providing support for the Department to jointly or independently acceptance test the change if required by the Department. The testing activities shall follow the outline provided in the Contractor's project plan, or the Contractor shall provide an explanation as to why there was a deviation from the proposed plan;
 - b) Identify the number, classification, and names of key staff responsible for each test, including Contractor staff responsible for communication with the Department during System Testing;
 - c) Develop a method to conduct parallel tests of the CD-MMIS claims and TAR processing functions. The Contractor shall conduct the second test during the Acceptance Test period. The results of these tests shall be reviewed by the Department and shall serve as input to the Department's Acceptance Test decisions on Contractor readiness for system implementation;
 - d) Define System Test documentation standards; provide for inclusion of initial and subsequent test results and on-line storage of all test documentation in a central location in a manner easily accessible and retrievable by Department monitoring staff (Training shall be provided in accordance with CD-MMIS FI Contract and California Dental ASO Contract, Exhibit A, Attachment II, Operations, Staff Training);
 - e) Relate tests to CD-MMIS system design documentation and overall Contract requirements;
 - f) Review manual, clerical, and operating procedures. Validate QM procedures for setting accuracy and error levels and for monitoring compliance;
 - g) Validation of control procedures;
 - h) Actual test situations; and

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- i) The format of test deliverables shall be approved by the Department. Once the Department has approved the format, the Contractor shall submit all deliverables in the Department approved format.
- f. Test Results - The Contractor shall provide documentation detailing the test results. Document all deficiencies to confirm the deficiency exists and determine responsibility. The SG will perform the necessary system work to correct the problem in accordance with current Contract procedures. All known deficiencies will be corrected prior to the completion of systems testing.
 - 1) Deliverables - The test results review document shall contain:
 - a) Update the matrix from the approved test plan which identifies the mapping between the requirements and prepared test cases with the actual test results;
 - b) Specify the criteria the Contractor will use in determining the completion of each System Test activity:
 - i. Summary of results;
 - ii. Run logs;
 - iii. Input and output file data that are formatted for easy review;
 - iv. Test reports, including before and after results;
 - v. File comparison generated as a result of parallel testing; and
 - vi. All back-up documentation pertaining to each condition tested and shall appear directly following the page that describes the specific test condition. Back-up documentation should reflect but not be limited to the test plan.
 - 2) Acceptance testing (see California Dental ASO Contract, Exhibit A, Attachment II, Operations, Quality Management Process) will consist of separate staff from SG.
- g. Education/Training - The Contractor shall prepare a comprehensive training plan for all personnel affected by system modification including the provider community, ASO Contractor Staff and FI Contractor staff. User personnel shall be trained in the system procedures and controls in preparation for system changes. The SG technical team leaders shall coordinate with provider training and publications specialists (who have primary responsibility for scheduling training, developing training syllabi, desk references, and other training materials and provider notification), the ASO Contractor and the QM Unit, to develop the training courses as referenced in California Dental ASO Contract and CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, Staff Training Requirements.
 - 1) Deliverables - Education/Training documentation shall contain:

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- a) User procedure manuals, manual updates, DDD;
- b) Report layouts;
- c) Detailed user-training plan;
- d) System training guide and materials;
- e) Training of user personnel;
- f) Provider community materials to prepare the provider community regarding modifications to the system. As determined by the Department, these materials may include:
 - i. Provider notices/bulletins;
 - ii. Provider training plan;
 - iii. Provider training guide and materials;
 - iv. Training of providers; and
 - v. Provider training manual.
- g) Table Layout Descriptions; and
- h) Other materials as needed.

18. SDLC Phase IV

- a. Implementation - In this step, the system will be transferred into production status, replacing the previous system. The Contractor shall notify the Department five State work days before the change is scheduled for implementation and one State work day after the implementation occurred. The Contractor shall monitor the change through the completion of no less than one monthly cycle. The Contractor shall notify the Department the number of monthly cycles to be monitored for approval. Any new procedures shall also be put into place at this time.
 - 1) Deliverables - Implementation documentation shall contain:
 - a) Notification of computer operations instructions for the new system changes is available for Department review;
 - b) Notification of program code as implemented is available for Department review;
 - c) Complete system DDD meeting Contract standards to include:
 - i. Input and output file description;

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- ii. Program narratives and listings;
 - iii. Generalized program design; and
 - iv. Overall system design;
- d) Implementation plan detailing staff, contingency plans, communication protocols, and post implementation evaluation plan.
- 2) Updates to all deliverables unless otherwise specified, including the distribution of documentation updates as specified in this Contract.
- 3) Develop, assist, and support submission of user documentation as specified in this Contract.
- b. System control turned over by SG to Operations

Post-Implementation Review - The Contractor shall review the newly implemented system to determine if the delivered product measures up to the expected results. Review period shall be performed as stated in the approved Implementation Plan. The Department reserves the right to revise the review period. The project is reviewed to determine if the system's operational expectations have been met, the system development effort was performed efficiently, the cost and completion time were within the project estimates, and the system documentation is accurate.

- 1) Deliverables - Post-Implementation documentation shall contain a post-implementation report. This report shall identify and explain the following:
- a) How the review was performed (e.g., reports reviewed, and screens revised);
 - b) Significant variances between expected user results and actual system performance;
 - c) An explanation of any miscompared files;
 - d) Variances between estimated and actual DDI costs;
 - e) Variances between estimated and actual DDI schedules;
 - f) Unanticipated system problems and corrective actions (include details of all reported incident reports associated with the SDN);
 - g) Variances between implemented system design and design as shown in systems documentation;
 - h) Incidents associated with the Risk /Security Assessment Deliverable;
 - i) Confirm the project met the objectives;

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- j) Identify adequate and deficient processes and/or procedures for future projects; and
 - k) Recommendations for remedies for significant deficiencies.
- 2) Post Risk Assessment - The Contractor's Information Security Office team shall submit a Post Risk Assessment Deliverable. This report shall address findings from the Risk Assessment deliverable submitted prior to implementation. Include in this report any changes that may have occurred after implementation:
- a) Sources of risk:
 - i. Changes in requirements;
 - ii. Design errors or omissions; and
 - iii. Staffing issues.
 - b) Determine if:
 - i. The risk(s) is still valid;
 - ii. The probability or severity has changed;
 - iii. The trigger for the risk has occurred;
 - iv. Mitigation plans remain relevant and accurate; and
 - v. Contingency plans remain valid.

19. Miscellaneous Change Document

MCD projects are issued by the Department to implement minor system changes to CD-MMIS and/or to track billable and non-billable hours associated to a project that does not constitute a SDN. Criteria, such as system changes limited to a maximum of one hundred sixty (160) hours, consultation, system changes requiring fifty percent (50%) of the total project hours allocated to System Testing, and developing Ad Hoc Reports shall be applied to determine if a MCD shall be initiated.

The Contractor's MCD Process shall always include a "condensed version" of four phases of system DDI.

a. Phase I

1) MCD Notice / Request

- a) PDA Phase - The initial PDA Phase involves identifying and confirming the need for a modification of the system or system improvement, and analyzing the alternative means of implementing the change. SG management, EPMO and CD-MMIS Operations Specialists/Liaisons shall participate in discussions with the Department regarding alternatives and their system impact. It is

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anticipated these meetings will take place on an informal and scheduled basis during the course of normal business.

- b) The MCD Notice / Request shall, at a minimum, identify the GFR. The GFR includes policy requirements, objectives, project bill type, a general description of the various objectives of the change/modification and the general desired results/solution.
- c) To initiate development activity, the Contracting Officer will issue a MCD Notice or approve the Contractor's MCD Notice request. The MCD Notice or MCD Notice Request will define the change, assess the priority of the change; determine whether phases and deliverables shall be consolidated; and requested operational date(s). The MCD Notice / Request shall include requirements and information identified in the PDA phase.

2) MCD Response

The Contractor shall have five State days, or more if authorized by the Contracting Officer, to respond to the MCD Notice. In that notice, the Contractor shall submit the following:

- a) SG Project Manager;
- b) A preliminary estimate of the date when the MCD action plan can begin, and an implementation date in relation to projects currently scheduled for the SG;
- c) An assessment of any lower priority projects that shall be delayed for implementation of the project and the impact of the delay on the schedules of the lower priority projects. The Department reserves the right to postpone or terminate a project during any portion of a phase;
- d) A preliminary estimate of both developmental and Operations cost that detail costs and identify both staffing hour costs, as well as any needed hardware or software costs that would be needed to achieve the MCD stated business objectives; and
- e) A Security Impact Assessment completed by the Contractor's Information Security Office team and reviewed and approved by the Contractor's Information Security Officer. The Contractor's Information Security Office team shall be staffed in accordance to Exhibit I, Staffing Requirements.

If the MCD request is initiated by the Contractor, the MCD Request and MCD Response shall be submitted concurrently for Department approval. The Contractor may only move forward with the MCD after the MCD Response approval.

b. Phase II

- 1) MCD Action Plan - The Contractor shall respond to the MCD Notice with the following:

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- a) Restate Project description, background, and objectives;
 - b) Assumptions, considerations and constraints;
 - c) Functional Changes - Provide a listing of functional changes and the modifications to programs, database modules, copy members, reports and manuals;
 - d) Identify manuals that require updates or creation as a result of the changes;
 - e) Testing Plan/Procedures - Develop a test matrix to identify the data required and expected results for each of the functions listed in the Functional Changes; and
 - f) Problems anticipated and contingencies developed.
- 2) The Contractor's Information Security Office team shall complete the Security and Risk Assessment process.
 - 3) Project Plan - The Contractor shall collaborate with the EP MO to develop a project plan that provides a revised estimate of the project's schedule, hours, and cost from the estimate originally submitted at the MCD response. This revised estimate shall be no more than twenty percent (20%) deviation from the original estimate.
 - a) A project / implementation plan consisting of major milestones, the dates by which each general functional requirement is expected to be completed, the hours, and resources needed to complete them. The project plan shall include timeframes with estimated start dates and completion dates, and also include scheduling of timelines for Department review and approval. The project plan shall meet the requirements as stated in Exhibit E, Additional Provisions. If the Contractor determines that a project plan or sections of the project plan is not necessary, the Contractor shall submit a request in writing to the Department justifying the request for relief from the project plan requirement.
 - b) Cost and activities associated with hardware/software purchases, and contingency and risk mitigation plans and activities.
- c. Phase III
- 1) Systems Test Results - SG shall submit systems test results. Complete the test matrix of test cases submitted in the action plan. Provide reports, screen prints, file / record data to obtain Department approval.
 - 2) Acceptance Test Results - QM shall submit acceptance test results for Department approval prior to migration to production. Refer to California Dental ASO Contract, Exhibit A, Attachment II, Operations, Quality Management for acceptance testing requirements.

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d. Phase IV

The Contractor shall complete the following:

- 1) Implementation;
- 2) Documentation - Submit documentation for Department approval;
- 3) Post Risk Assessment Deliverable; and
- 4) Closure Request - Validate and confirm implementation of the MCD.

20. Problem Correction Procedures

- a. The SG shall accept, process, and resolve all PSs and accompanying interim responses that require the analysis and correction of application programs and programming related to EPCs submitted by the EPMO.
- b. PSs will be submitted to the EPMO by the Department and/or the Contractor unless the Department determines that immediate action is required, in which the PS will be submitted directly to the SG with a copy to the EPMO. Otherwise, the EPMO is responsible for identifying which staff is available for assignment by resource type. The EPMO shall forward the PS to the responsible unit to perform the initial analysis and preparing an interim response (for Department review and approval) and forwarding the PS and all background documentation to the SG for corrective action.
- c. The Department reserves the right to request a walk-through at any time.
- d. The SG shall perform the following PS-related activities pertaining to database and applications programs in accordance with this Contract:
 - 1) Corrective Action Plans

CAPs provide a complete analysis of the identified problem. The SG shall prepare a CAP for PSs that identify the action steps and timeframes necessary to correct the problem. The CAP shall include, but not limited to, the following elements from the PS, modified/updated information and additional information as listed:

 - a) PS Number;
 - b) Background with a description of the problem;
 - c) Description of the cause of the error and the correction needed;

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- d) Detailed analysis of the error situation and its source. The SG shall identify the exact nature of the problem. This shall include the identification of the source of the error, either by manual or automated processing, and the identification of a specific manual processing step that failed, or the computer program in error;
- e) Description of how the Contractor intends to correct the error or eliminate the error pattern or deficiency to include correction of all program or procedural problems;
- f) Deliverable requirements/approvals;
- g) General functional requirements;
- h) Any special instructions;
- i) Identification of all CD-MMIS documentation that needs to be updated or created to document the modification(s) including the Detail Design Specifications (DDS);
- j) Listing of all impacted programs and/or JCL that required change. Describe the existing behavior of the programs and the changes required;
- k) Describe how to test the changes being made;
- l) In conjunction with the EPMO, a project plan consisting of major milestones, the dates by which each general functional requirement is expected to be completed, and the resources needed to complete them. The project plan shall include timeframes with estimated start dates and completion dates, and also include scheduling of timelines for Department review and approval. The project plan shall meet the requirements in Exhibit E, Additional Provisions, Project Management Plan. If the Contractor determines that a project plan or sections of the project plan are not necessary, the Contractor shall submit a request in writing to the Department justifying the request for relief from the project plan requirement. The project plan shall include an estimated breakdown of hours to be applied to the project, designated by task (e.g., development, coding, acceptance testing, systems testing);
- m) Contact person(s) and the staff person(s) assigned;
- n) Signature of an authorized representative of the Contractor;
- o) For Erroneous Payments, the following additional information shall be included:
 - i. Sample Select (SS) – Produce a sample report of the claim lines selected for reprocessing/adjustment to the Department. The Contracting Officer may disapprove or request modifications to the SS;

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- ii. A description of the selection criteria to be used to identify affected claims;
- iii. In developing its analysis of an erroneous payment situation, the SG shall select a sample of a minimum of fifty (50) claim lines;
- iv. Describe testing methodology related to the EPC process; and
- v. The project plan shall include timeframes with estimated start dates and completion dates, and also include scheduling of timelines for Department review and approval regarding the EPC. The project plan shall meet the requirements in Exhibit E, Additional Provisions, Project Management Plan. If the Contractor determines that a project plan or sections of the project plan are not necessary, the Contractor shall submit a request in writing to the Department justifying the request for relief from the project plan requirement.

The SG shall submit the analysis and sample select. The Department will review and approve or disapprove the SG's finding of error. If the Department disapproves the analysis and sample select, the SG shall determine from the Department the existing problem areas, and redevelop and resubmit the analysis and sample select.

2) Erroneous Payment Correction Implementation

- a) Upon Department approval of the analysis and sample select, the SG shall complete the following processing steps:
 - i. Final Select - The final select will be analyzed to assure that the original select parameters were correct. In most cases, the final select will have to be further refined, usually by eliminating claims. Once Department staff are assured that the claims remaining in the select are the only ones involved in the problem, those claims will be prepared for daily/weekly processing; and
 - ii. Propose Daily and Weekly Processing Edits and Audits - Propose to Department staff which edits and audits should be on or off for correctly reprocessing and/or adjusting claim lines through the daily and weekly processes.
- b) The Department and the Contractor shall determine requirements for adjustment volumes to be processed by checkwrite based on potential provider and system impact. The Department will confirm, in writing, the adjustment volumes to be processed by checkwrite and the provider, and a schedule showing the processing date for adjustments by pay period.
- c) It may be necessary for the SG to refine the sample select numerous times in order to accurately identify all affected claims.

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The SG shall complete the processing of the selected claim lines through the production system to effectuate the necessary adjustments. This shall include all manual and automated processing required to correct the erroneous payment. The SG shall produce a series of reports that identifies adjusted claims and volume as required/described by the Department.

- 3) Correction Notices (CN) confirm correction of the problem. The Contractor shall prepare a CN for Department approval. The CN package shall include the following information:
 - a) PS number;
 - b) Updated CAP;
 - c) Test results;
 - d) Confirmation from the initiator or representative from the initiating area, verifying that all modifications have been reviewed and confirming that the problem has been fixed;
 - e) Whether the PS applies to claims or other situations not described in the PS;
 - f) Whether any CD-MMIS documentation needs to be updated or created to document the modification(s). This documentation shall be included with the CN; and
 - g) Whether an SDN or DOIL is required to make further system modifications. A description of the modification(s) shall be included with the notice.
- 4) For EPCs, the following additional information shall be included in the CN:
 - a) Documentation of corrections/adjustments and collection of funds from the provider (e.g., program language change, copy of the report validating adjustment, other documentation of correction); and
 - b) Provider Bulletins/Letters

Prior to any final adjustment, the SG shall forward to the EP MO and/or ASO Contractor any information for the preparation of provider bulletins or letters to advise providers of the EPC reprocessing/adjusting.

21. Business Requirements Document

DHCS may submit a request for BRD. The BRD template, approved by DHCS during Takeover, shall become a key element in determining requirements and scope of requested CD-MMIS changes. The Contractor's BRD shall include, but not be limited to, the following:

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- a. Conducting JAD sessions to determine detail level requirements;
- b. Educating end-users on CD-MMIS processing as it pertains to the high level requirements provided. The Contractor shall be responsible for identifying detail requirements that may alter scope;
- c. Develop deliverables that identify both high level and detail level functional requirements;
- d. Perform assessment of existing CD-MMIS functional specifications in relation to the desired change;
- e. Prepare gap analyses of desired functionality;
- f. Identify high level technical scope of changes, such as whether or not the change is isolated to one or many subsystems;
- g. Identify alternatives for implementing the change if any exists; and
- h. Include all other business requirements as defined by the Contracting Officer.

22. Department Review and Oversight

- 1) The Department may monitor any/or all stages of SG development. All deliverables shall be submitted to the Department for review and approval, except as otherwise specified in this Contract. If the Contracting Officer determines that the Contractor has failed to properly document or implement changes or corrections made to CD-MMIS, the Contractor shall make any necessary corrections at the Contractor's expense.

The Department has the right to consolidate phases and deliverables, as appropriate, for each SDN. Therefore, when the Department determines that a change to the system is simple and has limited system impact, the Department shall have the flexibility to authorize a "short form" SDN. The short form could mean shortening or combining the deliverable documentation. The management and administrative structure within the SG, when analyzing and responding to the SDN, shall determine if the SDN request merits an SDN short form. If it has been determined that a short form will or can be used, the Contractor shall include with the formal SDN response letter a checklist that identifies which phases/deliverables can be combined and that describes/substantiates the limited system impact.

- 2) The Centers for Medicare and Medicaid Services (CMS) may request copies of deliverables and/or conduct on-site reviews.
- 3) An IV&V, IPO, or a DHCS PM contractor may request copies of deliverables and/or conduct on-site reviews.
- 4) DHCS reserves the right to require the Contractor to contract with a DHCS-approved Consultant to work directly with DHCS on the establishment of metrics, implementation of business processes, and to ensure the successful and efficient

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implementation of changes to CD-MMIS. It is the intent of DHCS to use these metrics as a basis for more objective, accurate, and repeatable estimation validation model for change estimates for CD-MMIS prepared by the FI. The consultant contract shall include language requiring the consultant to independently validate SG estimates and define the level of technical expertise required of the Contractor for the change. Similar to IV&V and/or IPO contracts with DHCS, the consultant staff shall report directly to the Contracting Officer, but work collaboratively with all parties on the Contract. The consultant shall be reimbursed according to the Cost Reimbursement provisions of this Contract. Expected products from the consulting contract shall include, but not be limited to:

- a) An analysis of current system activity;
 - b) The identification of standard units of effort (examples include work associated with screens, reports, transactions, or other functions or artifacts);
 - c) Recommendations on standard units or tools which can be used for estimation validation models; and
 - d) Ongoing support as needed to implement improved processes; and Training materials for State staff.
- 5) DHCS provides the Department of Finance (DOF) and the Office of the Chief Information Officer (OCIO) with a comprehensive overview of the Department's planned IT activities under its FI Contract via a State Fiscal Year, Annual Information Systems Plan (ISP). The ISP includes, but is not limited to, detailed cost information regarding planned IT projects and IT projects in progress.

23. Documentation and Program Code Standards

Whenever the SG or other Contractor staff makes a change to CD-MMIS, the Contractor shall conform to documentation requirements and upgrade all program codes to the standards required in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, Data Processing and Documentation Responsibilities of this Contract.

24. Contractor Representation

The Contractor shall include the following activities in the SG blended hourly rate unless otherwise stated.

- a. Provide expert advice on HIPAA standards to include, but not be limited to, assessment of CD-MMIS compliance, proposals to achieve higher levels of compliance, attendance and representation at National Standard Committees, etc. This applies to all of CD-MMIS activities.
- b. Attend all Medicaid Management Information Systems (MMIS) related conferences and assure California benefits from that attendance. Provide reports that include but are not limited to:
 - 1) CMS directives, strategies, and policy changes;

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- 2) New technologies;
 - 3) Standards directions and impacts to CD-MMIS;
 - 4) MMIS best practices;
 - 5) Recommendations for enhancements to CD-MMIS; and
 - 6) Training plans to improve CD-MMIS processes; and Health Information Exchange/Health Information Technology (HIE/HIT) directions.
- c. Provide subject matter experts (SMEs) on MITA, and ensure they remain current on federal goals and expectations. These SMEs shall be expected to lend their expertise in developing and updating the MITA Self-Assessment, and provide insight and direction to the Department to increase MITA maturity in all areas of the Operation. The on-going training of these individuals shall be the Contractor's responsibility and will not be billable.
- d. Make available SG resources to assist the Department during any audit or special studies.

25. Quality Assurance Requirements for SG Performance

The Contractor shall:

- a. Maintain responsibility for assuring that the SG performs quality work in a timely manner, and that the quality and performance for all SG staff are consistent with the skill level being billed. SG staff failing to perform shall constitute failure to meet performance requirements at the discretion of the Contracting Officer;
- b. Make any necessary corrections, at the Contractor's own expense, if the Contracting Officer determines that the Contractor has failed to ensure quality and performance;
- c. Develop and maintain Quality Assurance (QA) Documentation describing the methods by which the Contractor shall ensure that Contract requirements are met and the ongoing process of improving the performance of the SG remains effective. The Contractor shall:
 - 1) Set internal standards for accuracy and timeliness of each task to be performed including a subdivision of the task into major subtasks and minor subtasks in order to monitor, evaluate and improve staff performance;
 - 2) Provide work instructions in situations where specific, detailed steps shall be followed to assure quality; and
 - 3) Update and maintain the plan submitted during Takeover, which assesses what measures shall be put in place to ensure the monitoring of quality and performance, and any corrective measures, if determined necessary.

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- d. Utilize independent assessments by third party vendors throughout the term of the Contract to confirm productivity of the SG in making changes. Specifically, estimation methodology, as well as productivity standards for SG staff shall be audited. DHCS may utilize third party vendors to retrospectively evaluate estimates and productivity, or proactively, prior to authorizing billable hours;
- e. Provide weekly reports to DHCS that clearly communicate individual project status in terms of its authorized costs, agreed upon schedule, and achievement of project requirements;
- f. Provide weekly reports to DHCS that provide a summary view of portfolio status for all SG projects;
- g. Provide reports required in items e. and f. above, both on-line and paper formats, utilizing a dashboard reporting mechanism that leverages the Commercial Off The Shelf (COTS) portfolio management system employed by the Contractor's EPMO. Reports shall also provide the ability to communicate in text any key issues or information that may have a bearing on a project's current or future projected health, as well as subsequent impacts to other projects;
- h. On an annual basis, provide a report to DHCS that summarizes the Contractor's efforts to increase the efficiency and effectiveness of the SGs performance over the past year including the assessment and recommended implementation plan for any needed changes to the existing SDLC, and the metrics upon which any determination of increased performance has been based. The annual quality report shall demonstrate the following:
 - 1) Estimated versus actual hours against a consistent measure of change that demonstrates productivity improvements over time; and
 - 2) Quality of work review based on proposed QM methodology and defined metrics.
- i. Provide the report to DHCS no later than September 1 of each year, comply to the requirements as defined in CD-MMIS FI Contract, Exhibit A, Attachment II, Operations, General Reporting Requirements, and be made available in both paper and electronic formats;

The annual quality report process shall begin by meeting with DHCS representatives to discuss the proposed report outline for the year, and any proposed or required update or change to content from the previous year's report. This meeting shall occur prior to March 1; and

- j. Ensure the annual quality report contains and/or demonstrates at least the following:
 - 1) Project level
 - a) Risk analysis – compare the risks that were identified in the SFD to the risks that were identified after the project began. Identify sources of that risk and the mitigation that occurred after identification;

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- b) Variance in project scope – identify scope creep, reason it occurred, and the additional cost;
 - c) Variance in projected vs. actual hours (include an analysis of the number of times project plans were changed and the change in hours requested);
 - d) Variance between scheduled and actual completion dates of phases and project (include an analysis of the number of times project plans were changed and due dates/completion dates changes were requested);
 - e) Variance in authorized costs/expenditures due to substitution of resources, etc.; and
 - f) Any SG staffing issues that affected the project.
- 2) At the SG level:
- a) Analysis of total allowed hours compared to actual billed hours;
 - b) Analysis of hours utilized (billable and non-billable) by position type;
 - c) Analysis of Information Technology Infrastructure Library (ITIL) best practices currently in place, and those that were implemented and the result of the implementation;
 - d) Summary of root cause analysis for PSs;
 - e) Discrepancy rate;
 - f) Analysis of quantity of test plans in comparison to the number of discrepancies;
 - g) Training plan for SG; and
 - h) Expectations for effectiveness/efficiency for SG and did they measure up to the expectation.