HIPAA Compliance Implementation  
Project #4200-9  
Special Project Report

PREPARED FOR:  
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PREPARED BY:  
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DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS  
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TABLE OF CONTENTS

1 SPR EXECUTIVE APPROVAL TRANSMITTAL ................................................................. 2

2 INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE .............................. 3

   2.1 SECTION A: EXECUTIVE SUMMARY .............................................................. 3
   2.2 SECTION B: PROJECT CONTACTS ................................................................. 4
   2.3 SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENTAL PLANS 5
   2.4 SECTION D: BUDGET INFORMATION .......................................................... 6
   2.5 SECTION E: VENDOR PROJECT BUDGET ...................................................... 7
   2.6 SECTION F: RISK ASSESSMENT INFORMATION .............................................. 8

3 PROPOSED PROJECT CHANGE .............................................................................. 9

   3.1 PROJECT BACKGROUND AND SUMMARY ............................................... 9
   3.2 PROJECT STATUS AND FUTURE DIRECTION – PATHWAYS TO COMPLIANCE 12
   3.3 REASON FOR PROPOSED CHANGE ............................................................ 21
   3.4 PROPOSED PROJECT CHANGE ................................................................. 22
   3.5 IMPACT ON PROPOSED CHANGE OF PROJECT ...................................... 23
   3.6 FEASIBLE ALTERNATIVES CONSIDERED ............................................... 23
   3.7 IMPLEMENTATION PLAN ............................................................................. 23

4 UPDATED PROJECT MANAGEMENT PLAN ........................................................... 24

   4.1 PROJECT MANAGEMENT QUALIFICATIONS ............................................. 24
   4.2 PROJECT MANAGEMENT METHODOLOGY ............................................. 24
   4.3 PROJECT ORGANIZATION .......................................................................... 24
   4.4 PROJECT PRIORITIES ................................................................................ 27
   4.5 PROJECT PLAN ............................................................................................ 27
   4.6 PROJECT MONITORING ............................................................................. 27
   4.7 PROJECT QUALITY ..................................................................................... 30
   4.8 CHANGE MANAGEMENT .......................................................................... 30
   4.9 AUTHORIZATION REQUIRED .................................................................... 30

5 UPDATED RISK MANAGEMENT PLAN .................................................................. 30

   5.1 RISK MANAGEMENT WORKSHEET .......................................................... 32
   5.2 RISK TRACKING AND CONTROL ............................................................... 35

6 UPDATED ECONOMIC ANALYSIS WORKSHEETS (EAWS) ................................. 36
This Special Project Report (SPR) is submitted in support of the request by the Department of Alcohol and Drug Programs (ADP) for Department of Finance approval to spend pre-authorized funds for the continuation of this project. ADP certifies that the SPR is prepared in accordance with the State Administrative Manual Sections 4945-4945.2 and that the proposed project changes are consistent with ADP's information management strategy as expressed in the current Agency Information Management Strategy (AIMS). The undersigned have reviewed and agree with the information in the attached SPR.

<table>
<thead>
<tr>
<th>Project Sponsor</th>
<th>Date Signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Cunningham</td>
<td></td>
</tr>
<tr>
<td>Susan Rushing</td>
<td></td>
</tr>
<tr>
<td>Tony Lee</td>
<td></td>
</tr>
<tr>
<td>Kathryn Jett</td>
<td></td>
</tr>
<tr>
<td>S. Kimberly Belshé</td>
<td></td>
</tr>
</tbody>
</table>

Prepared for the California Department of Finance
2 INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE

2.1 SECTION A: EXECUTIVE SUMMARY

1. Submit Date: June 19, 2006

2. Type of Document
   - FSR: X
   - SPR: 
   - PSP Only: 
   - Other: 
   - Project Number: 4200-9

3. Project Title: Health Insurance Portability and Accountability Act Compliance
   - Project Acronym: HIPAA Compliance
   - Estimated Project Dates: Start 08/20/2000, End 06/30/2008

4. Submitting Department: Department of Alcohol and Drug Programs (ADP)

5. Reporting Agency: Health and Human Services Agency

6. Project Objectives:
   - The project objectives are to:
     - Address compliance with the Health Insurance Portability and Accountability Act (HIPAA) signed into Federal law in 1996 (PL 104-191).
     - Coordinate with DHS efforts to remediate the Short-Doyle/Medi-Cal Claims Processing System by June 30, 2008
     - RemEDIATE all affected ADP Information Technology Systems by June 30, 2008

8. Major Milestones
   - TCS Rule Compliance: 09/01/2007
   - Privacy Rule Compliance: 09/01/2007
   - Security Rule Compliance: 04/01/2008
   - NPI Rule Compliance: 05/01/2008
   - PIER: 12/01/2008
   - Key Deliverables: Same as Above

7. Proposed Solution
   - To bring ADP policies, procedures, and automation efforts into compliance with federal HIPAA regulations
### Executive Contacts

<table>
<thead>
<tr>
<th>Role/Type</th>
<th>Name</th>
<th>Phone</th>
<th>Fax</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency - OHI Rep.</td>
<td>Alex Kam</td>
<td>916-654-3454</td>
<td>916-653-9588</td>
<td><a href="mailto:akam@ohi.ca.gov">akam@ohi.ca.gov</a></td>
</tr>
<tr>
<td>Director</td>
<td>Renee Zito</td>
<td>916-455-1943</td>
<td>916-445-1943</td>
<td><a href="mailto:rzito@adp.ca.gov">rzito@adp.ca.gov</a></td>
</tr>
<tr>
<td>Budget Officer</td>
<td>Brian Winks</td>
<td>916-327-8629</td>
<td>916-323-5873</td>
<td><a href="mailto:bwinks@adp.ca.gov">bwinks@adp.ca.gov</a></td>
</tr>
<tr>
<td>CIO</td>
<td>Susan Rushing</td>
<td>916-323-8332</td>
<td>916-324-4524</td>
<td><a href="mailto:srushing@adp.ca.gov">srushing@adp.ca.gov</a></td>
</tr>
<tr>
<td>Project Sponsor</td>
<td>Michael Cunningham</td>
<td>916-324-4398</td>
<td>916-323-0653</td>
<td><a href="mailto:mcunningham@adp.ca.gov">mcunningham@adp.ca.gov</a></td>
</tr>
</tbody>
</table>

### Direct Contacts

<table>
<thead>
<tr>
<th>Role/Type</th>
<th>Name</th>
<th>Phone</th>
<th>Fax</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doc. Preparer</td>
<td>Michael Ellison</td>
<td>916-323-2058</td>
<td></td>
<td><a href="mailto:mellison@adp.ca.gov">mellison@adp.ca.gov</a></td>
</tr>
<tr>
<td>Primary Contact</td>
<td>Clyde R. Steele</td>
<td>916-323-1874</td>
<td></td>
<td><a href="mailto:csteele@adp.ca.gov">csteele@adp.ca.gov</a></td>
</tr>
<tr>
<td>Project Director</td>
<td>Clyde R. Steele</td>
<td>916-323-1874</td>
<td></td>
<td><a href="mailto:csteele@adp.ca.gov">csteele@adp.ca.gov</a></td>
</tr>
</tbody>
</table>
2.3 SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENTAL PLANS

<table>
<thead>
<tr>
<th></th>
<th>What is the date of your current Operational Recovery Plan (ORP)?</th>
<th>Date</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td>9/30/2004</td>
<td>Project #</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>Doc. Type</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>What is the date of your current Agency Information Management Strategy (AIMS)?</th>
<th>Date</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td></td>
<td>9/04/2001</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.</th>
<th>Document</th>
<th>Page #</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td></td>
<td>AIMS</td>
<td>26</td>
</tr>
</tbody>
</table>

4. Is the project reportable to control agencies? If YES, CHECK all that apply:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- a) The project involves a budget action.
- b) A new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.
- c) The project involves the acquisition of microcomputer commodities and the agency does not have an approved Workgroup Computing Policy.
- d) The estimated total development and acquisition cost exceeds the departmental cost threshold.
- e) The project meets a condition previously imposed by Department of Finance.
2.4 **SECTION D: BUDGET INFORMATION**

### Budget Augmentation

<table>
<thead>
<tr>
<th>Required?</th>
<th>X</th>
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<tbody>
<tr>
<td>Yes:</td>
<td></td>
</tr>
<tr>
<td><strong>If YES, indicate fiscal year(s) and associated amount:</strong></td>
<td></td>
</tr>
<tr>
<td>FY 01-02</td>
<td>FY 02-03</td>
</tr>
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</table>

### PROJECT COSTS

<table>
<thead>
<tr>
<th>1. Fiscal Year</th>
<th>01-02</th>
<th>02-03</th>
<th>03-04</th>
<th>04-05</th>
<th>05-06</th>
<th>06-07</th>
<th>07-08</th>
<th>08-09</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. One-Time Cost</td>
<td>$640,818</td>
<td>$1,143,372</td>
<td>$1,203,988</td>
<td>$1,417,062</td>
<td>$930,154</td>
<td>$1,538,264</td>
<td>$1,538,264</td>
<td>$1,538,264</td>
<td>$8,411,922</td>
</tr>
<tr>
<td>3. Continuing Costs</td>
<td>$758</td>
<td>$235,432</td>
<td>$254,736</td>
<td>$220,331</td>
<td>$238,774</td>
<td>$254,736</td>
<td>$254,736</td>
<td>$1,793,000</td>
<td>$3,252,504</td>
</tr>
<tr>
<td>4. TOTAL PROJECT BUDGET</td>
<td>$641,576</td>
<td>$1,378,804</td>
<td>$1,458,724</td>
<td>$1,637,393</td>
<td>$1,168,928</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$11,664,425</td>
</tr>
</tbody>
</table>

### SOURCES OF FUNDING

| 5. General Fund | $320,788 | $689,402 | $645,594.5 | $744,022.5 | $518,964 | $831,000 | $831,000 | $831,000 | $5,411,771 |
| 6. Redirection |
| 7. Reimbursements | $320,788 | $689,402 | $813,129.5 | $893,370.5 | $649,964 | $962,000 | $962,000 | $962,000 | $6,252,654 |
| 8. Federal Funds |
| 9. Special Funds |
| 10. Grant Funds |
| 11. Other Funds |
| 12. PROJECT BUDGET | $641,576 | $1,378,804 | $1,458,724 | $1,637,393 | $1,168,928 | $1,793,000 | $1,793,000 | $1,793,000 | $11,664,425 |

### PROJECT FINANCIAL BENEFITS

| 13. Cost Savings/Avoidance | Not Applicable |
| 14. Revenue Increase |

**Note:** The totals in Item 4 and Item 12 must have the same cost estimate.
2.5 **SECTION E: VENDOR PROJECT BUDGET**

<table>
<thead>
<tr>
<th>Vendor Cost for SPR Development</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Vendor Name</td>
<td>N/A</td>
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**VENDOR PROJECT BUDGET**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY 01-02</th>
<th>FY 02-03</th>
<th>FY 03-04</th>
<th>FY 04-05</th>
<th>FY 05-06</th>
<th>FY 06-07</th>
<th>FY 07-08</th>
<th>FY 08-09</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>1.</td>
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</table>

**PRIMARY VENDOR HISTORY SPECIFIC TO THIS PROJECT**

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Vendor</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Contract Start Date</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Contract End Date (projected)</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

**PRIMARY VENDOR CONTACTS**

<table>
<thead>
<tr>
<th>Vendor</th>
<th>First Name</th>
<th>Last Name</th>
<th>Phone #</th>
<th>Ext.</th>
<th>Fax #</th>
<th>Email</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

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### 2.6 SECTION F: RISK ASSESSMENT INFORMATION

<table>
<thead>
<tr>
<th>Has a Risk Management Plan been developed for this project?</th>
<th>Yes</th>
<th>No</th>
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<tr>
<td></td>
<td>X</td>
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**General Comment(s)**
3 PROPOSED PROJECT CHANGE

3.1 PROJECT BACKGROUND AND SUMMARY

In March 2001, the Department of Alcohol and Drug Programs (ADP) submitted a Feasibility Study Report (FSR) for ADP to become compliant with the Health Insurance Portability and Accountability Act (HIPAA), which became public law (P.L. 104-191) on August 21, 1996. HIPAA mandated the establishment of various protections, standards and requirements for the transmission, storage, and handling of certain electronic health care data. HIPAA provisions include standards for transactions, code sets, unique health identifiers, security, and privacy protections. These rules have a far-reaching impact on ADP systems and information. The impact includes: (1) program processes, (2) legacy systems, (3) organizational structures, (4) personnel, (5) contractor and business associates and (6) operations.

ADP submitted the FSR to both the Department of Finance (DOF) and the Department of Information Technology (DOIT) and identified the immediate needs for a detailed assessment and initial systems remediation. ADP estimated total project costs at $15,605,000 consisting of $10,383,000 in one-time cost and $5,222,000 in ongoing costs. DOF approved the project on March 30, 2001, as Project No. 4200-9. DOIT approved the project on July 10, 2001 with a projected completion date of April 1, 2003 and two fiscal years of maintenance and operation until June 2006.

The FY 20001/02 Budget Act included five (5) positions and funding of $4.65M for the ADP HIPAA Compliance Project. Based on the funding ADP began immediately attempting to hire staff and procure contract support for the assessment and gap analyses needed to support the compliance efforts. However, in November 2001, another budget action reduced the funding to $714,000 to cover costs to date. ADP was not able to hire personnel and effectively stopped the project.

In March 2002, DPA approved an exemption to the hiring freeze and the project was able to hire an Information Technology Project Manager to restart the project. ADP was then able to hire an initial project staff of consultants with the remaining funding.

The Budget Act for FY 2002/03 restored project funds, though not at the original level as identified in the FSR, further delaying the schedule. Specifically, the FY 2002/03 Budget Act provided $1.963 million per year to the Department's baseline budget to fund the project and ongoing HIPAA-related activities. Because the original scope of the HIPAA Project did not change, the DOF and the Office of HIPAA Implementation (CalOHI) advised ADP did not need an SPR and that ADP could proceed with project initiation and detailed assessment. Subsequently, ADP re-planned and re-started the project and assessment of systems for compliance gaps associated with the HIPAA Transaction and Code Sets Rule, Privacy Rule, and the impending Security Rule.

From July 2002 to October 2002 two significant events occurred. The State implemented new procurement processes to gain better accountability over procurements and ADP experienced severe performance problems with some of its vendors. Both events caused severe delays to the project.

From January 2003 through March 2003, ADP again experienced problems with vendor performance; ADP terminated contracts with both the Enterprise Project Manager and the organization doing detailed assessments. During the same timeframe, ADP learned that Department of Health Services (DHS) was having difficulty in obtaining necessary approvals...
for contracts in support of replacing the Short Doyle / Medi-Cal (SD/MC) system. This system was instrumental in providing ADP with compliance with the Transactions and Code Sets (TCS) HIPAA Rule.

Despite these initial difficulties in June 2003, ADP awarded a contract for HIPAA Assessment and Gap Analysis for both the TCS and Security rules to a highly qualified and experienced vendor. This contract, completed in the spring of 2004, provided a solid basis for moving forward with the project workload.

The Budget Act of 2003/04 reduced the funding for the project to $1,764,000 and the Budget Act of 2004/05 provided some salary adjustments to bring the budget to a steady state of $1,787,000 annually.

In accordance with DOF SPR guidelines, this SPR requests that DOF approve the remaining remediation activities required of ADP to achieve HIPAA compliance given the changes in strategy, funding and schedule. This SPR decreases the total project cost from $15,605,000 to $9,871,425. In this proposal, one-time costs outlined in the FSR, decrease from $10,383,000 to $8,411,920. However, because of changes outlined below, the project will take five years beyond the original estimate of April 1, 2003. The schedule change is a direct result of the staffing and vendor issues, budget fluctuations and the impact of additional HIPAA rule changes.

3.1.1 DEPARTMENT MISSION AND RESPONSIBILITIES

ADP is responsible for administering and coordinating the State’s efforts in alcohol and drug abuse prevention, treatment, and recovery services. In addition, ADP is the primary state agency responsible for interagency coordination of these services.

ADP’s strategic plan is a vision that ensures Californians understand that alcoholism and drug addiction are chronic conditions that can be successfully prevented and treated. The Department administers state and federal laws pertaining to alcohol and other drug (AOD) programs, and promotes access to appropriate statewide information, prevention and treatment services. As a single state authority, ADP is responsible for collaborating with other departments, local public and private agencies, providers, advocacy groups and individuals in establishing standards for the statewide service delivery system.

ADP supports four core program areas of major activities: Prevention, Treatment, Quality Assurance, Information/Education. Critical Departmental functions for those core programs include, but are not limited to the following:

- Directing statewide prevention and treatment programs to address AOD problems and problem gambling;
- Developing and implementing AOD abuse prevention strategies;
- Providing and administering funds to counties for cost-effective planning and implementation of local AOD prevention and treatment programs;
- Reviewing and approving county AOD program contracts and granting applications submitted for state and federal funds allocated by ADP;
- Certifying and licensing AOD programs and counselors;
- Developing and enforcing standards to ensure levels of service quality for AOD programs statewide; and
- Providing public information on AOD programs and services.
In addition to prevention and treatment, ADP works on a variety of issues important to improving services to clients. On any given day, approximately 117,000 individuals are in treatment in California. The development of the California Outcomes Measurements System to collect, report, monitor and analyze AOD outcomes data will help the Department determine the effectiveness of treatment services, and it will provide an opportunity to improve services.

ADP administers the Governor's portion of the U.S. Department of Education Safe and Drug-Free Schools and Community (SDFSC) funding to support an array of approaches to reduce alcohol and drug use and suppression of gang violence. The variety of statewide projects include the ADP Resource Center, the California Mentor Initiative, Partnership for a Drug-Free California, Evaluation Management Training and other technical assistance contracts, the California Friday Night Live/Club Live statewide youth program and the statewide Drug-Free Workplace Program. This infrastructure is interwoven with the 20 percent share of the federal Substance Abuse Prevention and Treatment Block (SAPT) Grant award, an annual required "set-aside" for allocation to county primary prevention efforts.

3.1.2 REQUIREMENTS OF HIPAA

Table 1 depicts the final HIPAA rules and required implementation dates that affect ADP.

<table>
<thead>
<tr>
<th>HIPAA RULE</th>
<th>DATE OF FINAL RULE</th>
<th>REQUIRED IMPLEMENTATION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privacy</td>
<td>August 2002</td>
<td>April 2003</td>
</tr>
<tr>
<td>Security</td>
<td>February 2003</td>
<td>April 2005</td>
</tr>
<tr>
<td>National Provider Identifier (NPI)</td>
<td>January 2004</td>
<td>May 2007</td>
</tr>
<tr>
<td>Enforcement</td>
<td>February 2006</td>
<td>February 2006</td>
</tr>
</tbody>
</table>

The FSR prepared in 2001 anticipated that ADP would have some independence in implementing the new HIPAA rules. Specifically, ADP's approach included an assessment of all systems within ADP for HIPAA impact, remediation, testing, and installation. Concurrently, ADP would supply counties and direct providers with the information that they needed to modify their Drug Medi-Cal (DMC) billing systems and procedures.

However, ADP's Transactions and Code Sets (TCS) compliance efforts were tied to the DHS Short Doyle/Medi-Cal (SD/MC) claims processing Information Technology system. DMC claims submitted to ADP by counties and direct providers are, after initial processing by ADP, transmitted to DHS for processing (i.e., adjudication) through the DHS SD/MC system. This system created a dependency that influenced ADP's ability to implement and become compliant with the Transactions and Code Sets Rule. While ADP has responsibility for assessment and remediation of its own systems, DHS has responsibility for assessment and remediation or replacement of the SD/MC system. This proposal describes the current ADP approach to become compliant with TCS, in lieu of SD/MC replacement.

In mid-2003, DHS notified ADP that its DHS SD/MC system would not be HIPAA compliant in time to process ADP HIPAA compliant claims. Therefore, facing an October 16, 2003 deadline for TCS compliance, CalOHI directed ADP and the Department of Mental Health (DMH) to adopt an interim solution to receive HIPAA compliant transactions from its trading partners; the counties and direct contact providers. This chosen path was to implement an interim solution, called the "Translator." The initial implementation of the solution did not create full TCS HIPAA compliance for ADP or the State. However, this solution did enable
ADP to meet the immediate needs of HIPAA-ready trading partners, who were prepared to send HIPAA compliant DMC claims.

DHS currently projects the SD/MC replacement implementation date of July 2008. Based on this knowledge, ADP will implement an independent approach to become compliant within their project until SD/MC becomes compliant. In the Transactions and Code Sets section below, this document discusses the new proposed "Bridge Solution".

The next section – Project Status and Future Direction, provides additional background of the ADP HIPAA Project by summarizing project accomplishments and providing the future direction for each HIPAA Subproject. The Project Team calls the overall future direction "Pathways to Compliance."

3.2 PROJECT STATUS AND FUTURE DIRECTION – PATHWAYS TO COMPLIANCE

ADP has accomplished a major portion of the overall requirements to bring the organization into compliance. In addition, the Project Team re-organized for success each of the major pathways to compliance.

The HIPAA Compliance Project Team, including a new Enterprise Project Manager, Information Security Officer, and Project Director in agreement with the HIPAA Steering Committee (HSC) reorganized the HIPAA compliance approach for success and provide controls to ensure problems previously experienced will not negatively impact the project. They are confident that appropriate knowledge gained from "lessons learned" has resulted in an achievable plan.

ADP is a "covered entity" as defined by HIPAA and is a "health plan" as defined by involvement in the DMC Program. These definitions determine the paths to compliance that ADP must seek. As previously discussed, ADP must comply with the following HIPAA rules:

- Transactions and Codes Sets
- Privacy
- Security
- National Provider Identifier
- Enforcement

The Pathways to Compliance model includes these stages: Awareness and Inventory, Assessment and Gap Analysis, Alternatives and Strategies, Plan Remediation, Remediation, and Implementation.

Awareness and Inventory begins by identifying the rule and determining that it applies to ADP. Assessment and Gap Analysis compares the current state of ADP with the rule requirements and determines how ADP can become compliant.

Alternatives and Strategies consider options ADP can take to become compliant and selects from any available options. Sometimes, ADP can become compliant merely by developing policies and procedures, or ADP may need to upgrade software or install equipment.

Once a strategy is determined, Plan Remediation is the activity to determine how to accomplish the strategy. Once planning is complete, the Project performs actual remediation of the gaps. During the final Implementation phase, the Project Team transfers on-going maintenance to the designated internal ADP organization or organizations.
ADP has completed detailed assessments and gap analyses on three of the final HIPAA rules: Transactions and Code Sets (TCS), Security and National Provider Identifier (NPI). Although the detailed assessment of the Security rule is complete, work remains on planning for the recommendations of the assessment. The detailed assessment of the Privacy rule is in progress. Finally, the final Enforcement rule was published on February 16, 2006, and will require an assessment and gap analysis. The Enforcement rule adopts specifications for determining violations and civil money penalties and defines who may impose them, but does not contain implementation specifications like the other rules.

The following sections describe the current pathway of each of the compliance areas. Prior to the discussion about each compliance area, there is a graphical depiction of the current progress along the compliance pathway. Each graphical depiction includes six possible stages. Figure 1 is the key depicting the status of each phase. Using this key, the status for each compliance area precedes the discussion of the progress.

3.2.1 TRANSACTIONS AND CODE SETS (TCS)

3.2.1.1 TCS BACKGROUND

As previously discussed, ADP completed the assessment and gap analysis for TCS in 2003 and early 2004. Because of the nature of requirements of this rule, the development of
policies and procedures were not applicable to remediate this rule, but rather software changes to achieve HIPAA compliant TCS were required.

From a business perspective, ADP administers DMC funding and claims processing through the DHS SD/MC system, which must comply with the TCS rule. The DHS SD/MC processing system is non-HIPAA compliant. Discussion with DHS determined that this system could not become compliant in a timeframe suitable to meet the HIPAA Federal mandate. This required development of an interim solution. CalOHI directed ADP in conjunction with DMH and DHS to implement a system integration tool, the Translator, as an interim step towards compliance. The purpose of the Translator was to process HIPAA compliant claims submitted from the customers (counties and direct providers) by converting the claims back into a format for use by SD/MC to process those claims and provide status back to the customers.

The former Health and Human Services Data Center procured the Translator. Through a contractor, ADP performed additional activities to configure the Translator for DMC claims. The first production claims processed in March 2004. Currently, ADP successfully uses the Translator to convert incoming HIPAA-compliant claims into SD/MC proprietary format for adjudication and payment. During the same time, the trading partners developed HIPAA compliant claims transactions for submission to ADP. During the interim period, the SD/MC system was accommodating both non-compliant and HIPAA compliant claims submissions from the trading partners. As of January 2006, ADP has stopped accepting and processing Non-HIPAA compliant claims submitted by its trading partners.

For some time, ADP has been actively testing and certifying trading partners to become compliant with the processing of electronic HIPAA-DMC claims using the Translator. As of March 2006, ADP had 74 trading partners of which 39 are counties, and 35 are direct contract providers. To assist its trading partners, ADP conducted two TCS technical assistance conferences in October and November 2004. In addition, ADP developed a Compliance Plan template for trading partners to use in planning their compliance efforts. All 39 counties have since submitted compliance plans along with a number of direct contract providers. As of March 2006, ADP has not certified one county and eight direct contract providers to submit electronic HIPAA-compliant 837P claim transactions. ADP certified sixty-five (65) trading partners who are submitting electronic HIPAA-compliant 837P claim transactions. ADP will continue working with trading partners for testing and certification using the Translator.

Even though the interim Translator solution did not bring ADP into full compliance with the TCS Rule, it did allow the department to continue to pay claims to those trading partners who have the ability to transmit a HIPAA-compliant claim. Of the five HIPAA compliant transaction types, the Translator currently processes 837P claim transactions and 997 functional acknowledgement transactions. It also produces a remittance advice in the 835 format that does not include all information required by the HIPAA standard. For full HIPAA compliance, the 276/277 claim status inquiry/response, and a compliant 835 remittance transaction must be in place.

The Department of Technology Services Cannery Campus currently houses the Translator and a qualified vendor performs maintenance and updates through an ADP contract. DHS funds the recurring transaction costs charged by Department of Technology Services until a new system replaces SD/MC. The ADP share of the cost for this solution includes ADP staff costs and the maintenance contract.
According to the current DHS implementation plan, DHS will replace the SD/MC system in July 2008. In the interim, ADP is planning to proceed with Transactions and Code Sets compliance independently. In order to reach compliance sooner, ADP plans to develop its own solution for the 276/277 and 835 transactions.

3.2.1.2 TCS REQUIREMENTS AND ACTION PLAN

ADP initiated HIPAA Transaction and Code Sets (TCS) work in 2003. The HIPAA Assessment and Gap Analysis Project completed the TCS Requirements and Action Plan Report (RAP) in March 2004. ADP completed a portion of the requirements defined in the TCS RAP.

In September 2005, ADP updated the TCS RAP with restructured requirements and action plan information to achieve HIPAA compliance within the existing system infrastructure. This TCS compliance work is a “Bridge Solution” for ADP until a long-term solution is available through SD/MC.

The primary changes highlighted in the TCS RAP Update from ADP's current state of operations to its future compliant state include:
- Modification to the Translator to accommodate 276/277 and 835 compliant transactions and interfacing with State Controller’s Office (SCO)
- Increased role of Transaction and Payment System (TAPS)
- Removal of Alcohol and Other Drug (AOD) InfoNet involvement, and transition to Information Technology Web Services (ITWS) operated by DMH
- Elimination of paper and related processes

To accomplish this state, the project must modify the Translator to translate the 276/277 claims inquiry/response transaction and extend it to provide interface activities within ADP (e.g. claims status inquiry with TAPS) and external organizations (e.g. the SCO for electronic warrant processing. The warrant number is required in order to be HIPAA compliant with the TCS rule).

ITWS must be modified to accommodate the 276/277 Claim Status Inquiry/Response transaction and remove the non-compliant Explanation of Benefits (EOB) functionality. In addition, ADP must extend TAPS to create the HIPAA complaint 835 transaction. In order to accomplish this, it must initiate electronic warrant processing with SCO and integrate warrant numbers into its database. It then becomes the point of reference for claims inquiries/responses from counties and direct providers.

3.2.1.3 TCS SUMMARY

In summary, the accomplishments for Transactions and Code Sets (TCS) compliance to date include:
- Completion of the assessment, gap analysis and remediation strategy
- Ability to send 835 Remittance Advice transaction to counties and direct providers
- Ability to receive and process a standard X12 837 Claim transaction
- Ability to accept HIPAA standardized diagnosis and procedure codes
- Strong success in receiving compliant claims from counties and direct providers
- A clear understanding of the remaining remediation work
With the accomplishment of the additional modifications to the Translator, and other TCS Requirements and Action Plan action items, ADP will become compliant with the TCS rule no later than September 2007.

3.2.2 PRIVACY RULE

Figure 3 - Privacy Rule Compliance.

3.2.2.1 BACKGROUND

The federal compliance date for the HIPAA Privacy Rule was April 15, 2003. In May 2002, ADP assigned a Privacy Officer (PO) to be responsible for the protection of health information across the department.

From an overall compliance perspective, the Privacy Rule has a somewhat different impact on ADP than does the other rules. The single most important difference has to do with the relationship between ADP and DHS.

DHS is the Single State Agency (SSA) for Medi-Cal and subsequently Drug Medi-Cal (ADP's responsibility) is considered part of Medi-Cal according to the DHS Privacy Officer. With this interpretation, DHS has primary responsibility for all Medi-Cal Privacy compliance, issues the Notice of Privacy Practices and is the primary point of contact for all Medi-Cal clients. ADP has a secondary responsibility in complying with HIPAA on the Privacy Rule.

However, ADP does have 42 Code of Federal Regulations (CFR) privacy protections to consider and all privacy policies and procedures must comply with these requirements.

Since the ADP HIPAA Project re-started in July 2002, the PO laid the foundation of Privacy Rule Implementation. This foundation includes:

- Investigated the flow of Protected Health Information (PHI), which will provide the basis for the upcoming mapping of PHI under a planned gap analysis
- Inventoried contracts
- Surveyed and interviewed personnel, who work with PHI
- Instituted a process to inform contract personnel of the Department's confidentiality requirements per California Multiple Award Schedule and Master Services Agreement General Provisions
- Piloted the use of Data Use Agreements
- Added Business Associate Agreements to contracts
- Worked with the Legal Staff in developing the required Pre-Exemption Analysis

ADP must continue to reduce the risk of breach of privacy by strengthening internal protections for privacy and confidentiality of alcohol and other drug patient records and protected health information. ADP is using the implementation of HIPAA security standards as an opportunity to leverage resources by combining efforts where privacy and security needs overlap.
The milestones completed thus far provide an essential understanding of the provisions of the HIPAA Privacy Rule as they apply to the Department. The project designed the Privacy Rule implementation strategy to put prerequisites, such as policy and safeguard guidelines, in place while targeting areas such as staff training, where the project team can achieve the greatest risk reduction. Since the completion of the HIPAA Assessment and Gap Analysis Project’s security rule gap analysis, ADP augmented this strategy to include synergy with Security Rule implementation.

The PO identified 14 areas of compliance for the Privacy Rule. Remediation planning activities for each of the areas are at various stages of completion. Along with portions of the security rule, ADP elected to outsource a portion of the remediation planning activities for some of the privacy rule work. In June 2004, ADP awarded a contract to a Security vendor who began work in July 2004. The remediation planning activities, as well as the Tunitas Group contract, planned for completion in June 2005 with full compliance targeted for January 2007. However, the deliverables received from this contract did not provide a path for reaching compliance.

In June of 2005, ADP entered into a contract with another contractor to advance its functional compliance with the HIPAA rules in the areas of policies and procedures that meet ADP’s business requirements for both the Privacy and Security rules. The contract will enhance ADP’s privacy procedures, guidelines, training (as needed) and safeguards.

3.2.2.2 PRIVACY COMPLIANCE ACTION PLAN

In addition to the previous contract, ADP is now reviewing all Privacy Rule requirements within the context of both previously stated impacts. Working with DHS, ADP will clearly define its role of secondary responsibility for Privacy matters in relationship to Drug Medi-Cal. In addition, ADP Project staff developed a plan of action relative to 42 CFR and will internally develop and complete the gap analysis. Simultaneously, there are a number of known requirements for Privacy policies and procedures as suggested by HIPAA and required by the State Administrative Manuel (SAM). Staff will create the required Privacy policies and procedures and develop required updates and additions to these documents based upon the outcome of the internal gap analysis.

3.2.2.3 PRIVACY SUMMARY

Overall, staff turnover and vendor complications have affected the work associated with privacy and security compliance. Although a schedule of privacy remediation work exists, it is incomplete and requires further analysis. Despite these challenges, ADP has completed a number of initiatives as outlined in the background above. ADP will be conducting an updated assessment to identify those gaps and provide detailed activities to become compliant with the Privacy Rule. Using this analysis, ADP will complete all required policies and procedures to meet HIPAA specifications. The HIPAA Compliance Project Team completed preliminary planning and currently predicts a completion date for all Privacy activities no later than September 2007.

3.2.3 SECURITY RULE

Figure 4 – Security Rule Compliance.
3.2.3.1 BACKGROUND

The final Security Rule was published February 20, 2003. The Security Rule identifies 42 standards and implementation specifications that ADP must address. The first step ADP took to address the rule was to assign the ADP Information Security Officer (ISO) as the designated HIPAA Security Official and sub-project lead. The ISO, a Senior Information Systems Analyst, is responsible for information security across the Department.

In July 2003, ADP chose to leverage a planned procurement to conduct a HIPAA Assessment and Gap Analysis (HAGA) Project for the Transactions and Code Sets Rule, to include the Security Rule. The scope of the Security Rule component was to construct a compliance strategy that would help ADP establish a priority for its compliance activities. The HAGA Project was outsourced to a HIPAA qualified vendor who used a quantitative risk assessment methodology to prioritize the specifications based on the cost to prevent a breach of security versus the expected loss should a breach occur. The vendor submitted their final report in March 2004 (HIPAA Security Requirements & Action Plan Report; March 9, 2004). The assessment report categorized the Security Rule standards and specifications into four groups:

- Group 1 contained the highest impact safeguards;
- Group 2 contained the medium impact safeguards;
- Group 3 contained the lowest impact safeguards; and
- Group 4 contained the safeguards in which ADP is already minimally compliant through existing methods of operation.

ADP estimated the total cost to become compliant at $1.9 million. From this information, ADP was positioned to begin planning efforts to comply with the Security Rule. The HAGA also identified the need for ADP to develop an Information Security Governance Framework. The framework is necessary to implement the Security Rule and the department's information security program as a whole. It is important to note that staffing for this endeavor is limited to the ISO whose main responsibilities are with the overall requirements for Information Security in the department, HIPAA compliance is a part of that responsibility.

ADP elected to outsource a portion of the remediation planning activities associated with the higher impact safeguards. In June 2004, a Security vendor was awarded the contract and began work in July 2004. The scope of remediation planning activities included developing the Information Security Governance Framework; conducting detailed assessment and analysis of selected specifications; developing recommendations for draft policy and procedures; and identifying business and technical requirements for information systems to be used to support continuous compliance with the Security Rule. The Tunitas Group contract ended in August 2005. However, the Security deliverables did not provide ADP with all of the needed tools to become compliant with the Security Rule.

In June of 2005, ADP entered into a contract with another vendor to advance its functional compliance with the HIPAA rules in the areas of policies and procedures that meet ADP's
business requirements for both Privacy and Security rules. The contract provided for draft policies and procedures and made recommendations to bring ADP systems that store electronic Protected Health Information into alignment with Security Rule Standards. Of the 42 standards and implementation specifications in the Rule, 18 are standards, (12 of which are broken down into implementation specifications). Remediation planning activities for 11 of these 18 standards were outsourced either in part, or completely, through the contract with the previous consultant.

3.2.3.2 SECURITY ACTION PLAN
The major shortfall in assessment for the Security is the Security Management Process (SMP) requirements of the rule. The rule requires that the SMP include the following four activities:

- Risk Analysis Activities
- Security Control Activities
- Risk Mitigation Activities
- Control Review Activities

Activities conducted by both previous contracts include risk analysis activities, some security control and risk mitigation activities but no control review activities. Through a combination of internal staff resources and outsourced contracts, ADP will complete all assessment and remediation activities over the next two years. During FY 06/07, the activities will include completion of the Security Management Process by conducting a complete review and cost benefit analysis for all control activities, and providing final recommendations for risk mitigation activities. Risk mitigation activities will include the development of all required policies and procedures to ensure that ADP is compliant with the Security Rule. Security Policy requirements are identified and will be finished by the end of June. Procedures involve business process changes in ADP and will take longer to implement. In addition, the first year contract will include the development of a process for review of control activities in the out-years. During FY 07/08, the contractor will complete all mitigation activities including the implementation of any required technical remediation activities such as audit logs, intrusion detection software, or similar technical remediation actions.

3.2.3.3 SECURITY SUMMARY
ADP has completed the following activities related to the Security Rule:

- Completion of the Security Rule assessment through the HIPAA Assessment and Gap Analysis of 2003
- Risk analysis activities in accordance with the Security Management Process using the Tunitas and Delegata contracts
- Partial review of Security Control Activities
- Partial completion of Risk Mitigation Activities
- Development of a number of draft policies and procedures using the guidelines of CalOHI

Remediation planning activities for each of the 42 standards and implementation activities are at various stages of completion. Through execution of the Security Action Plan above and completion of all required policies and procedures, ADP will become HIPAA compliant. Based on current planned activities, ADP will complete all of these activities for the Security Rule no later than April 1, 2008.
3.2.4 NATIONAL PROVIDER IDENTIFIER (NPI) RULE

Figure 5 - NPI Compliance.

3.2.4.1 NPI BACKGROUND

The final National Provider Identifier (NPI) Rule was published on January 23, 2004. The NPI Rule established a standard unique health identifier for health care providers. The National Provider and Payer Enumeration System issue the 10-digit intelligence-free number. For a two-year period, the federal government will process applications and assign identification numbers. By May 23, 2007, all covered entities (excluding small health plans) are expected to be in compliance and will be using their NPI for HIPAA transactions.

To meet the above compliance requirement, ADP must be prepared to have its information systems and business operations processing HIPAA transactions using the NPI.

The first step towards this effort was to assess the impact to existing information systems and business operations. ADP awarded a contact to a HIPAA qualified contractor. The contractor conducted the assessment from September to December 2005.

The assessment identified the information systems and program areas that are affected by the NPI and included an implementation plan for remediation. The objective of the remediation effort will be to bring ADP into full compliance with the NPI Rule by May 23, 2007. ADP plans to use an outsourcing contract for the remediation.

3.2.4.2 NPI ACTION PLAN

After performing the assessment and gap analysis on the National Provider Identifier (NPI) rule, ADP opted for what was termed the NPI-centric state to accommodate the NPI in transactions, databases, and business processes throughout the DMC program. Because of this decision, NPI will replace the DMC provider identifier throughout the department. Aside from constraints due to the SD/MC system, the NPI will be used instead of the DMC number in business processes and databases where the DMC number is currently used.

NPI will replace the DMC number on DMC claims and remittance transactions and in related systems. However, DMC providers will continue using the Master Provider File (MPF) provider number for business purposes such as reporting outcome measurements and budget and cost reporting. These reporting requirements encompass DMC and non-DMC programs and therefore cannot rely on sole use of the NPI because non-DMC programs are not required to obtain NPIs per the NPI Rule.

As part of the NPI-centric solution, business process improvements occur that eliminate cumbersome processes including elimination of the proprietary electronic Explanation of Benefits, and its paper counterpart. This solution eliminates the manual paper-based error correction report process, and provides a consistent identification method for its DMC providers.
Another noticeable change from the current environment is a plan to automate the update capabilities to the Payer's List in Transaction and Payment System. This solution eliminates the need for the Licensing and Certification Division to add and update DMC provider information in the Payer’s List. Instead, the Fiscal Management and Accountability Branch (FMAB) will continue to perform additions and updates directly in the MPF. TAPS will use the MPF to retrieve the necessary DMC provider information for updating the DMC Provider table that is the Payer's List. This process remains with FMAB due to a manual DMC enumeration process of which FMAB is the keeper.

3.2.4.3 NPI SUMMARY

The requirements for National Provider Identifier impact the following areas:
- HIPAA Transactions
- Internal and external communications
- DMC Business Operations
- System modifications to enhance databases to accommodate National Provider Identifier, and
- The DMC Certification process

The accomplishments for National Provider Identifier compliance to date include:
- Completion of the assessment, remediation strategy and implementation plan
- A clear understanding of the remediation work required

ADP will use a combination of in-house staff and contract assistance to complete the planned activities. With completion of these activities, ADP will become compliant with National Provider Identifier no later than May 1, 2008.

3.2.5 ENFORCEMENT RULE

The Enforcement Rule was published on February 16, 2006. At present, ADP has taken no action on this rule. There must be an assessment to determine impact to the organization.

3.3 REASON FOR PROPOSED CHANGE

ADP requests approval for the following changes to the project:

3.3.1 CHANGES IN STRATEGY

- Interim changes to the project strategy and schedule for Transactions and Code Sets (TCS) remediation and full compliance, resulting from the delay in the DHS SD/MC remediation effort. The Project and the Department will reach compliance now through a “Bridge Solution” to accomplish this goal, instead of waiting for remediation of the SD/MC system.
- ADP now has a fuller understanding of the impact of all rules. High-level remediation plans for full compliance with TCS, Privacy, Security, National Provider Identifier and Enforcement rules are now complete and organized for success. ADP is developing detailed project plans with all required activities.

3.3.2 CHANGES IN BUDGET AND PROJECT COSTS

- Budget actions affected the project over the life of the project. In November 2001, ADP put stop work orders into effect for all contracts. ADP halted project efforts, and the Budget act reduced funding from $4.65M to $714K. Initially, the FY 2001/02
HIPAA baseline budget established five positions. The FY 2003/04 budget eliminated one position due to budget controls, and in FY 2004/05 CalOHI eliminated another HIPAA position, leaving the project understaffed. The budget did not reach a steady state of $1,787,000 until the FY 2004/05 Budget Act.

- At the time of the original FSR, July 2001, the only rules clearly specified were Transactions and Code Sets and the Privacy rule. The TCS rule suggested the need for changes to information systems, hardware and software and was the main reason for projecting a completion date of April 1, 2003. In addition to all of the funding delays and contractor problems previously discussed, the Security, NPI and Enforcement rules were published changing the business and technical requirements for HIPAA compliance. These changes drove the new Economic Analysis Worksheet attached and caused the way in which funds are expended to change dynamically.

- Due to the more complete understanding of the HIPAA remediation requirements, ADP has better estimates of cost.

3.3.3 CHANGES IN SCHEDULE

- From July 2002 to October 2002, the state developed new procurement processes with particular emphasis on obtaining vendor contracts. These new processes further delayed the project in that obtaining vendors took substantially longer.

- Due to the budget fluctuations described above, the start and stop of project activity significantly impacted the project schedule. Vendor problems further delayed the project. Certain vendors did not develop the required deliverables in order to assist ADP in becoming compliant in a timely manner.

3.4 PROPOSED PROJECT CHANGE

ADP better understands the scope of the HIPAA Compliance Project based on the work done on the project so far and is positioned to make strategic changes for project success. ADP cannot halt the project and, despite the delays, must still meet Federal HIPAA mandates. In response to budgetary and other constraints, ADP has altered the compliance approach and the schedule to achieve full compliance with all published HIPAA rules. At this point ADP is currently behind in required implementation dates for Transactions and Code Sets (TCS), Privacy and Security.

ADP currently uses Translator software to continue to pay claims to HIPAA-ready trading partners (i.e., counties and direct providers who are prepared to send electronic HIPAA-DMC claims to ADP). However, the Translator is an interim solution and does not fully address HIPAA compliance for DMC processing. To achieve full TCS HIPAA compliance, ADP will develop the proposed "Bridge Solution" rather than waiting for the replacement SD/MC System from DHS.

Similarly, compliance for Security, Privacy, National Provider Identifier (NPI) and Enforcement will be accomplished using the approach described above in the status section. These proposed project changes have the following impact on both cost and schedule of each affected area:

<table>
<thead>
<tr>
<th>Compliance Area</th>
<th>Proposed Cost Estimate</th>
<th>Original Completion</th>
<th>Proposed Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCS</td>
<td>$800 K</td>
<td>April 2003</td>
<td>September 2007</td>
</tr>
<tr>
<td>Privacy</td>
<td>$500 K</td>
<td>April 2003</td>
<td>September 2007</td>
</tr>
<tr>
<td>Security</td>
<td>$1.1 M</td>
<td>Unknown*</td>
<td>April 2008</td>
</tr>
<tr>
<td>NPI</td>
<td>$1.1 M</td>
<td>Unknown*</td>
<td>May 2008</td>
</tr>
<tr>
<td>Enforcement</td>
<td>TBD</td>
<td>Unknown*</td>
<td>TBD</td>
</tr>
</tbody>
</table>

* At the time of the FSR, July 2001, these rules were not published final
The net effect of the proposed changes is to add five years to the original schedule proposed in the FSR. The good news is that the FSR proposed the cost for reaching compliance to be $15.6M and, due to better scope management and planning, the current proposed total cost is slightly over $11.6M.

3.5 IMPACT ON PROPOSED CHANGE OF PROJECT

Given the constraint on budget and the inability to reduce scope, the only way to accomplish project goals within the available budget is to lengthen the schedule to attain full HIPAA compliance.

ADP's initial strategy of relying upon direction from DHS to achieve full compliance for Transactions and Code Sets (TCS) has delayed ADP's ability to become compliant in a timely fashion. By choosing to develop its own "Bridge Solution" for TCS compliance, ADP assumes the responsibility and is prepared to initiate remediation efforts sooner.

The approach to meeting project objectives detailed in this SPR will give the Department the best opportunity to succeed at meeting the fundamental expectations for the TCS, Privacy, Security, National Provider Identifier and Enforcement rules. The corresponding modifications to project schedule and budget are necessary to implement the revised approach.

3.6 FEASIBLE ALTERNATIVES CONSIDERED

No alternatives were available to the HIPAA team while implementing the interim Translator solution to the Transactions and Code Sets (TCS) Rule. The only other available alternative was to do nothing. This alternative does not address the Department's goal of HIPAA compliance, puts the Department at risk for non-compliance penalties, and does not address the HIPAA implementation schedules of the counties; therefore, it is not an option.

Likewise, for becoming fully compliant with TCS, Privacy, Security, National Provider Identifier and Enforcement, no alternative exists other than becoming compliant in order to prevent possible federal penalties.

3.7 IMPLEMENTATION PLAN

ADP will continue to use the following general approach in reaching compliance for each HIPAA Rule:

1. Conduct an inventory and awareness exercise for each rule.
2. Develop a detailed assessment of Information Technology and business systems to determine the impact of the HIPAA rules on those systems, followed by a gap analysis to determine the requirements to reach compliance.
3. Develop and select remediation strategies to achieve compliance.
4. Plan for remediation by developing detailed plans based on selected strategies.
5. Remediate Information Technology and business systems to bring them into compliance with HIPAA standards.
6. Transition responsibility from the Project to appropriate organizational elements within ADP.

Current fiscal constraints require ADP to plan and execute the remediation activities over multiple years since the current ADP HIPAA budget will not accommodate the same schedule outlined in the FSR. At this time, no other rules have been published beyond Transactions and Code Sets, Privacy, Security, National Provider Identifier and Enforcement.
that affect ADP. Therefore, the current project plan extends through FY07/08. If additional rules are published that impact ADP, ADP will submit another SPR.

The HIPAA Steering Committee hired a new Enterprise Project Manager, a new Information Security Officer and a new Project Director, which re-energized the project. The Enterprise Project Manager has refocused the efforts to put the project back on a path to compliance with the "Pathways to Compliance" approach. These planning efforts have targeted a realizable schedule for completion with the assumption that resources and funding stay at the current level.

4 UPDATED PROJECT MANAGEMENT PLAN

The information in the Project Management Plan has been updated from the FSR. It reflects the current project management practices ADP is using on the HIPAA Project. A major re-planning effort has been underway since January 2006.

4.1 PROJECT MANAGEMENT QUALIFICATIONS

A contract for the services of an experienced Enterprise Project Manager was secured in January 2006 and remains in place. An Interim Business Project Manager (BPM) was recently hired and the selected individual has experience with HIPAA and the business units most affected by HIPAA. The BPM serves as Project Director and works closely with the Enterprise Project Manager. The interim BPM will serve until the permanent Project Director arrives on June 15, 2006. The primary responsibilities of the Enterprise Project Manager are to maintain the Enterprise Project Schedule, implement and maintain the Enterprise Project Plan, and mentor the Project Director and staff. A Technical Project Manager from the ADP Information Management Services Division has been assigned to the project.

4.2 PROJECT MANAGEMENT METHODOLOGY

The HIPAA Project has developed an Enterprise Project Plan that follows the Project Management Institute guidelines for project management, the DOF IT Project Oversight Framework, and SIMM Section 200. To ensure adherence to these standards, ADP has hired an Independent Project Oversight Consultant (IPOC) who submits monthly reports to DOF. The Enterprise Project Plan contains the following sections: Scope Management; Schedule Management; Cost Management; Communications Management; Resource Management; Risk Management; Issue and Change Management; Deliverables Management; and Procurement Management.

A copy of the Enterprise Project Plan is available upon request.

4.3 PROJECT ORGANIZATION

The HIPAA Steering Committee provides governance for the project. Because the federal government is releasing HIPAA rules intermittently throughout the project's lifecycle, the structure of the organization may change, as additional requirements become known. The Project Team identifies the following ADP HIPAA workgroups and stakeholders:

- HIPAA Steering Committee
- Executive Sponsor
- HIPAA Compliance Project Team
- Subject Matter Experts
- Department of Mental Health (DMH)
- Department of Health Services (DHS)
- Enterprise Project Manager (EPM)
- Independent Project Oversight Consultants (IPOC)
- Delegata – Privacy and Security Consultants

Figure 6 depicts the relationships among these groups.
Figure 6 - Project Organization.

HIPAA Steering Committee
Chaired by Chief Deputy Director
Denz J. Verardo

Deputy Director
Program Services Division
Michael Cunningham/
Carmen Delgado

Susan Rushing

ISO
Gary Hummel
Sub-Project Mgr
Security Rule

Translator M&O
[TBD]

Project Director
Steve Taketa

Privacy Officer
Alice Trujillo
Sub-Project Mgr
Privacy Rule

IT Project Manager
Jeff McKenney

Privacy & Security Support
[TBD]

TCS Remediation
[TBD]

NPI Remediation
[TBD]

Legend
□ Broken box = consultant
□ Doubleline = ADP Staff
□ Shaded box = Executive Mgmt
□ Singleline = External Agencies

Prepared for the California Department of Finance
4.4 PROJECT PRIORITIES

The following objectives represent the priorities of the HIPAA Compliance Project in order of importance:

- Bring the ADP organization into compliance with all of the currently published HIPAA rules no later than May 2008.
- Develop necessary policies to comply with HIPAA rules within 60 days and develop supporting procedures within the next calendar year.
- Provide all necessary guidance and activities to infuse the requirements of HIPAA into ADP business units no later than May 2008.

4.5 PROJECT PLAN

4.5.1 PROJECT SCOPE

The scope of this project is to achieve compliance with all applicable HIPAA rules by making necessary modifications to Departmental policies, procedures, and automated systems. The project scope is limited to HIPAA compliance within ADP. ADP is not responsible for the compliance activities of other agencies, but will coordinate with business associates, trading partners, and other external stakeholders to ensure successful completion.

4.5.2 PROJECT ASSUMPTIONS

ADP has identified the following assumptions:

- ADP and its trading partners will be able to read and respond to claims, regardless of the transmission format, to ensure payments to providers continue.
- Project, budget, and funding approvals will occur in a timely manner.
- Contractor resources via available procurement methods and State Administrative Manual requirements will provide sufficient numbers of qualified and capable staff across the project, as needed.
- IT experts will be available as needed to work with and manage the contractor-supported assessments, remediation, and testing efforts for each applicable system.
- HIPAA rules will not fundamentally change after their final publication.
- ADP will apply the appropriate level of internal resources to ensure timely compliance.

4.5.3 PROJECT PHASING

As explained above, ADP applies six general phases of work to each final HIPAA rule:

- Awareness and Inventory
- Assessment and Gap Analysis
- Alternatives and Strategies
- Plan Remediation
- Remediation
- Implementation

Specifically, for IT system remediation, the project's product phases are:

- Requirements Definition
- Design
The Implementation Phase includes training, business process changes, and data conversion.

4.5.4 PROJECT ROLES AND RESPONSIBILITIES

The primary roles and responsibilities on the project within ADP are described below.

4.5.4.1 HIPAA STEERING COMMITTEE

The HIPAA Steering Committee (HSC) consists of the ADP Chief Deputy Director; Program Services Division Deputy Director and Assistant Deputy Director (Project Sponsors); the Administration Division Deputy Director; the Information Management Services Division Deputy Director (and CIO); and the Licensing and Certification Division Deputy Director. This group is responsible for governance including providing direction, resolving escalated issues, risk mitigation, and approval of contractor deliverables.

4.5.4.2 PROJECT DIRECTOR

The Project Director (PD), who functions as the Business Project Manager, is responsible for ensuring that the appropriate staff and subject matter experts are available to support project requirements. The PD is responsible for monitoring all of the scheduled tasks and milestones for the project, and having team members fully equipped to complete project tasks in a timely manner. The PD is responsible for escalation and reporting to the HSC.

4.5.4.3 IT PROJECT MANAGER

The Information Technology Project Manager (ITPM) is responsible for ensuring that the IT contract consultants are meeting all obligations as defined in established contracts by ensuring that the appropriate systems experts and resources are available when needed to ensure timely project completion. The ITPM is responsible for communicating sub-project status to the PD.

4.5.4.4 ADP PRIVACY OFFICER

The Privacy Officer is responsible for full compliance with the HIPAA Privacy Rule. This includes monitoring all of the scheduled tasks and milestones for the Privacy rule sub-project, and collaborating with subject matter experts and other staff to complete project tasks in a timely manner. The Privacy Officer is also the Project Director.

4.5.4.5 ADP INFORMATION SECURITY OFFICER

The Information Security Officer (ISO) is responsible for full compliance with the HIPAA Security Rule. This includes monitoring all of the scheduled tasks and milestones for the Security rule sub-project, and collaborating with subject matter experts and other staff to complete project tasks in a timely manner. The ISO is responsible for communicating sub-project status to the Project Director.

4.5.4.6 CONTRACT CONSULTANTS

The consultants are responsible to the Business Project Manager, Information Technology Project Manager, Privacy Officer, and Information Security Officer depending upon their scope of work.
4.5.5 PROJECT SCHEDULE

The Enterprise Project Schedule (EPS) is being used to manage the HIPAA Project. The EPS is built using a tailored work breakdown structure, in Microsoft Project, for each HIPAA rule so that progress towards compliance can be easily tracked. A summary of the EPS is presented in Table 3 – Project Schedule.

<table>
<thead>
<tr>
<th>Rule / Phase</th>
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<tr>
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<td>May 2006</td>
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<td>Remediation</td>
<td>July 2003</td>
<td>September 2007</td>
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<td>Privacy</td>
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<td>April 2003</td>
<td>June 2006</td>
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<tr>
<td>Remediation</td>
<td>July 2006</td>
<td>September 2007</td>
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<td>Planning, Assessment, and Pre-Remediation</td>
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<td>Remediation</td>
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<td>April 2006</td>
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<tr>
<td>Planning, Assessment, and Pre-Remediation</td>
<td>January 2005</td>
<td>December 2005</td>
</tr>
<tr>
<td>Remediation</td>
<td>June 2007</td>
<td>May 2008</td>
</tr>
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4.6 PROJECT MONITORING

Initially, the HIPAA Compliance Project had difficulty in clearly identifying the required scope of work to bring ADP into compliance. Through the lessons learned from the past four years, the project now has the following guidelines that will bring a successful conclusion:

- With a better scope definition, ADP will write more targeted scopes of work leading to more effective vendor participation. ADP will also be able to monitor vendor work and contracts more effectively.
- The Department is committed to providing continuity and longevity in the HIPAA staff positions by ensuring that those chosen are the best-qualified and filling vacancies promptly.
- The HIPAA Steering Committee will ensure that contract advisory positions for both Enterprise Project Manager and Independent Project Oversight Consultant contain only highly qualified project management professionals with HIPAA domain expertise in state government.
- The Department has increased the executive management oversight of the project by engaging the Chief Deputy Director, the CIO and the Deputy Director of Program Services Division as Co-sponsors of the project.
- A recently completed review by CalOHI assisted by clearly identifying areas of non-compliance and provided recommendations of actions and products needed to achieve compliance.

The Enterprise Project Manager (EPM) uses the Enterprise Project Plan and Enterprise Project Schedule to manage the HIPAA Project. All HIPAA work is modeled in the Enterprise Project Plan and updated weekly by the EPM. The EPM also assists the project team with implementing and improving the project control processes prescribed by the Enterprise Project Plan.
The project meets bi-weekly with the HIPAA Steering Committee (HSC) and presents status reports and requests approvals. The HSC approves all policies, Business and IT strategies, major deliverables, and changes to project scope and cost. Issues and risks are escalated to the HSC when necessary.

Change Management is implemented according to the Enterprise Project Plan. All major changes influencing project cost, schedule and deliverables are subject to executive management review and approval following HSC review and recommendations. As part of its communications activities, the HIPAA project is responsible for working with other state agencies, counties, and providers to help ensure a smooth transition to HIPAA compliance.

The Independent Project Oversight Consultant (IPOC) provides project support to ensure that appropriate technology solutions and project management processes are employed to meet the needs of the Department’s compliance efforts. Technology solutions will be reviewed and approved by Department of Technology Services for compliance with Agency standards and to ensure adequate infrastructure support is available. The IPOC is providing regular reporting to HSC and DOF.

4.7 PROJECT QUALITY

The HIPAA Project assures quality through a consistent application of the Enterprise Project Plan (EPP). Specifically, the applicable sections are the Deliverables Management and Scope Management sections of the EPP, and weekly updates to the Enterprise Project Schedule throughout the project. The IPOC contract statement of work contains tasks and deliverables that assist the HIPAA Project to ensure both product quality and project quality management processes are followed.

4.8 CHANGE MANAGEMENT

The Issue and Change Management section of the Enterprise Project Plan is used to manage change. Significant changes are subject to HIPAA Steering Committee approval. The technology and consultant leads are responsible for providing analysis and recommendations for each change, including the need for the change and the cost of the change, and the impact on the project schedule and deliverables. Changes that do not impact schedule, cost, or deliverables are the responsibility of the project leads.

4.9 AUTHORIZATION REQUIRED

This project originally obtained approval from both the DOIT and the DOF Technology Investment Review Unit in April 2001. Additionally, DOF and the Legislature approved a Budget Change Proposal requesting the resources needed to perform the tasks included in the original FSR on May 30, 2001. All future budget actions, contracts, and SPRs will be approved by CalOHI using the established procedures outlined in Policy Memo #2004-39.

5 UPDATED RISK MANAGEMENT PLAN

The Risk Management section of the Enterprise Project Plan is modeled after the DOF IT Project Oversight Framework, and SIMM Section 200. It describes the processes for Risk Identification, Risk Analysis, Risk Planning, Risk Tracking and Controlling, and Risk Reporting. In addition, the Independent Project Oversight Consultant contractor provides monthly reports to DOF on new risks and progress on existing risks.

Figure 7 illustrates the HHIPAA Compliance Project (HCP) risk management life cycle model, which is founded on Software Engineering Institute’s risk management life cycle and the Project Management Institute Risk Management Model. This model indicates that the
process is iterative and that it is supported by effective communication throughout the life cycle. The application of these life cycle steps is described further in the sections below.

Figure 7: HCP Risk Management Life Cycle

Each of the phases is defined below:

The Identification phase is used to capture candidate risks from key members of the organization or project as well as key business or technical functions. The HIPAA Compliance Project (HCP) will initiate identification of project risks by capturing identified risks during project planning in the Key Risks section of the Project Management Plan. These risks are identified by the HCP Project Team. Risks will be continuously added and managed from this list as members of the project team or stakeholders of the project identify them.

The Analysis phase is intended to be a period in which the raw risk input is distilled into natural aggregations. The HCP will utilize the current guidelines for risk characterization provided in the Project Oversight Framework by the DOF. We will assign the loss impact, probability, impact, risk hours, and prevention and contingency measures for each risk. This characterization allows the project to apply limited risk management resources where they have the greatest impact.

The Plan phase focuses on developing an action strategy for each risk (i.e., accept, defer, mitigate). The focus in this stage is on reasonable and typically simple steps that can yield a positive impact on the risk. Strategies will have ownership assigned, based on the nature of the risk and the nature of the planned action.

If more detailed mitigation strategies are required due to the nature of the risk or the potential impact, the HCP will escalate the risk for consideration by the HIPAA Steering Committee.

The Implementation process is simply the execution phase of the action strategy. Those who have responsibility for executing each action task will execute to their goals during this process. Completion of implementation steps will be recorded for the appropriate risk in the Change/Issue Management Section of the Enterprise Project Plan.

The Track & Control phase is simply the management to action goals and to the overall risk management process completion goals. The HCP Risk Manager is responsible for following up on all risk management actions for compliance with risk management expectations. Monthly risk status reports will be provided to augment monthly status reports.

The HCP provides centralized communication management to facilitate communication on all project management fronts, including risk management. It is the responsibility of everyone on the HCP team to encourage and participate in open communication regarding the management of risk on this project.
5.1 **Risk Management Worksheet**

The following Risk Management Worksheet presents the current risks taken from the most recent analysis using this method. This section is used to list those risks that have been identified during the planning process. These risks will be monitored regularly and status is reported in monthly project status reports. Addition or retirement of risks will occur during these update periods, unless urgency dictates more immediate action. The risks include risk description and response activities.

*Figure 8 - Risk Management Worksheet*

<table>
<thead>
<tr>
<th>Risk Category/ Event</th>
<th>Loss Hours</th>
<th>Probability</th>
<th>Risk Hours</th>
<th>Previous Risk Hours</th>
<th>Preventive Measures</th>
<th>Contingency Measures</th>
<th>Comments</th>
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<td>Lack of continued State Staff resources for the project, e.g., personnel turnover</td>
<td>500</td>
<td>.5</td>
<td>250</td>
<td>n/a</td>
<td>J,M</td>
<td>D,U</td>
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<tr>
<td>Undetermined budget reductions.</td>
<td>500</td>
<td>.75</td>
<td>375</td>
<td>n/a</td>
<td>F</td>
<td>D,E</td>
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<tr>
<td>Lack of Management Support</td>
<td>500</td>
<td>.1</td>
<td>50</td>
<td>n/a</td>
<td>L</td>
<td>C,D</td>
<td></td>
</tr>
<tr>
<td>Lack of progress can create an overwhelming sense of urgency that leads to shortcuts. This can cause poor compliance performance, and increased costs.</td>
<td>300</td>
<td>.75</td>
<td>225</td>
<td>n/a</td>
<td>H</td>
<td>N</td>
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<tr>
<td>Lack of a process for development and implementation of both Policy and Procedure may negatively impact the timing and cost.</td>
<td>1000</td>
<td>.75</td>
<td>750</td>
<td>n/a</td>
<td>R</td>
<td>O</td>
<td></td>
</tr>
</tbody>
</table>
### Preventive and Contingency Measures

A. Provide additional training.
B. Supplement internal staff with consultant resources using a skills identification and assessment process.
C. Provide increased management emphasis.
D. Develop revised work plan.
E. Define project scope and severely limit changes, institute formal change control process.
F. Re-allocate the budget to increase funding.
G. Issue weekly status reports
H. Organize work with usable and detailed work plans.
I. Aggressively communicate project news, objectives, etc. to the department and customers.
J. Ensure that funding for resources is provided.
K. Take time now to establish realistic estimates for the future.
L. Clarify priorities and notify executive management team.
M. Select qualified personnel committed to completing the Project.
N. Appropriate oversight and IV&V techniques will ensure that quality work is completed that meets regulatory compliance while also highlighting and eliminating systemic barriers to work progress.
O. Develop FSR for any follow-on efforts as soon as possible.
P. Consider performance issues early and acquire hardware necessary in anticipation of increased workload.

Q. Give responsibility for defining and executing processes for Policy and Procedure development and implementation to HIPAA Compliance Project effectively streamlining the processes to obtain approval.

R. Limit the workload associated with bid reviews by establishing vendor pre-selection criteria in order to restrict to a manageable pool of responsive vendors.

S. Work closely with Control agency personnel to facilitate reviews, provide prompt turnaround to questions, and prepare requisite documentation well in advance of needed release or approval dates.

T. User action items including reviews and decisions are tracked and monitored, overdue action items are elevated within the management chain of control up to and including the Department Director.

U. Conduct cross-training and exposure among the various user team members to improve communication.

5.1.1 ASSESSMENT
Risks are assessed and updated monthly during core meetings, and the status of each is included in the monthly report to HIPAA Steering Committee.

5.1.2 RISK IDENTIFICATION
Risks are identified at any time.

5.1.3 RISK ANALYSIS AND QUANTIFICATION
The Project Director and Enterprise Project Manager are responsible for analysis and quantification.

5.1.4 RISK PRIORITIZATION
The Project Director and Enterprise Project Manager prioritize risks.

5.1.5 RISK RESPONSE
The Project Director and Enterprise Project Manager develop risk responses. As appropriate, risk responses are modeled in the Enterprise Project Schedule so they can be tracked as workload.

5.1.6 RISK AVOIDANCE
The Project Director and Enterprise Project Manager determine options for risk avoidance.

5.1.7 RISK ACCEPTANCE
The Project Director and Enterprise Project Manager collaborate with the HIPAA Steering Committee to determine which risks should be accepted.

5.1.8 RISK MITIGATION
The Project Director and Enterprise Project Manager determine options for risk mitigation. As appropriate, risk mitigation actions are modeled in the Enterprise Project Schedule so they can be tracked as workload.
5.1.9  RISK SHARING
Risk sharing does not apply to this project.

5.2  RISK TRACKING AND CONTROL
A Risk Management Worksheet is the tool being used to track and control project risks. Additionally, some risks are modeled in the Enterprise Project Schedule where the workload for mitigating the risk can be tracked.

5.2.1  RISK TRACKING
The Enterprise Project Manager will be responsible for risk tracking. A Risk Management Worksheet is prepared and updated monthly.

5.2.2  RISK CONTROL
At this time, Risk Control is maintained by the combined efforts of the Enterprise Project Manager and Project Director. Both entities will review the risks, determine the priorities, and provide recommendations to the HIPAA Steering Committee for final approval of mitigation.
6  **Updated Economic Analysis Worksheets (EAWs)**

All EAWs are attached to this document.
### PROPOSED ALTERNATIVE:

All Costs Should be shown in whole (unrounded) dollars.

Date Prepared: 05/21/2007

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<th>FY</th>
<th>One-Time IT Project Costs</th>
<th>Continuing IT Project Costs</th>
<th>Total One-Time IT Costs</th>
<th>Total Continuing IT Costs</th>
<th>Total Project Costs</th>
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<tbody>
<tr>
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**Version 1.2 (09/2002)**

Printed on 5/25/2007
## ECONOMIC ANALYSIS SUMMARY

### Department: Department of Alcohol and Drug Programs

Project: HIPAA Compliance Project

All costs to be shown in whole (unrounded) dollars.

**Date Prepared: 05/21/2007**

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### PROPOSED ALTERNATIVE

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<td>1,378,804</td>
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<td>1,637,300</td>
<td>3.2</td>
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<td>(1.5)</td>
<td>(641,576)</td>
<td>(3.4)</td>
<td>(1,378,804)</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net (Cost) or Benefit</td>
<td>(1.5)</td>
<td>(641,576)</td>
<td>(3.4)</td>
<td>(1,378,804)</td>
<td>(4.0)</td>
<td>(1,456,724)</td>
<td>(3.3)</td>
<td>(1,637,300)</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Cum. Net (Cost) or Benefit</td>
<td>(1.5)</td>
<td>(641,576)</td>
<td>(4.9)</td>
<td>(2,020,380)</td>
<td>(8.3)</td>
<td>(3,478,524)</td>
<td>(12.6)</td>
<td>(5,116,497)</td>
<td>(15.4)</td>
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</tbody>
</table>
## PROJECT FUNDING PLAN

All Costs to be in whole (unrounded) dollars

Date Prepared: 05/21/2007

### TOTAL PROJECT COSTS

<table>
<thead>
<tr>
<th>FY</th>
<th>Totals</th>
<th>FY 2001/02</th>
<th>FY 2002/03</th>
<th>FY 2003/04</th>
<th>FY 2004/05</th>
<th>FY 2005/06</th>
<th>FY 2006/07</th>
<th>FY 2007/08</th>
<th>FY 2008/09</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$641,576</td>
<td>$1,578,804</td>
<td>$1,458,724</td>
<td>$1,637,395</td>
<td>$1,166,928</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$11,864,429</td>
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</table>

### RESOURCES TO BE REDIRECTED

|          |        | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $8.0   |

### ADDITIONAL PROJECT FUNDING NEEDED

<table>
<thead>
<tr>
<th>FY</th>
<th>Totals</th>
<th>FY 2001/02</th>
<th>FY 2002/03</th>
<th>FY 2003/04</th>
<th>FY 2004/05</th>
<th>FY 2005/06</th>
<th>FY 2006/07</th>
<th>FY 2007/08</th>
<th>FY 2008/09</th>
<th>TOTALS</th>
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<tbody>
<tr>
<td>One-Time Project Costs</td>
<td></td>
<td>$640,618</td>
<td>$1,143,373</td>
<td>$1,203,988</td>
<td>$1,417,062</td>
<td>$930,154</td>
<td>$1,215,538</td>
<td>$1,219,938</td>
<td>$1,474,674</td>
<td>$9,470,601</td>
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<tr>
<td>Continuing Project Costs</td>
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<td>$0.0</td>
<td>$235,432</td>
<td>$254,736</td>
<td>$226,331</td>
<td>$238,724</td>
<td>$254,736</td>
<td>$254,736</td>
<td>$97,669</td>
<td>$1,557,172</td>
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<tr>
<td>TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR</td>
<td></td>
<td>$641,576</td>
<td>$1,378,804</td>
<td>$1,458,724</td>
<td>$1,637,393</td>
<td>$1,166,928</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$11,864,429</td>
</tr>
<tr>
<td>TOTAL PROJECT FUNDING</td>
<td></td>
<td>$641,576</td>
<td>$1,378,804</td>
<td>$1,458,724</td>
<td>$1,637,393</td>
<td>$1,166,928</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$1,793,000</td>
<td>$11,864,429</td>
</tr>
<tr>
<td>Difference: Funding - Costs</td>
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<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

### Total Estimated Cost Savings

|          |        | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   | $0.0   |

Version 1.2 (05/2002)  
Printed on 05/25/2007
### ADJUSTMENTS, SAVINGS AND REVENUES WORKSHEET
**DOF Use Only**

**Department:** Department of Alcohol and Drug Programs  
**Project:** HIPAA Compliance Project

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One-time Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Previous Year's Baseline</td>
<td>0.0</td>
<td>0.0</td>
<td>1.5</td>
<td>1.5</td>
<td>3.4</td>
<td>4.0</td>
<td>3.3</td>
<td>3.2</td>
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<td>(A) Annual Augmentation (/Reduction)</td>
<td>1.5</td>
<td>640,818</td>
<td>1.9</td>
<td>505,854</td>
<td>0.6</td>
<td>64,616</td>
<td>(0.7)</td>
<td>(212,074)</td>
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<tr>
<td>(B) Total One-Time Budget Actions</td>
<td>1.5</td>
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<td>3.4</td>
<td>1,143,372</td>
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<td><strong>Continuing Costs</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Previous Year's Baseline</td>
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<td>0.0</td>
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<td>0.0</td>
<td>0.0</td>
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<tr>
<td>(C) Annual Augmentation (/Reduction)</td>
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<td>234,674</td>
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<td>19,304</td>
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<td>(34,465)</td>
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<tr>
<td>(D) Total Continuing Budget Actions</td>
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<td>0.0</td>
<td>235,432</td>
<td>0.0</td>
<td>254,736</td>
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<td>238,774</td>
</tr>
<tr>
<td>Total Annual Project Budget Augmentation (/Reduction) [A + C]</td>
<td>1.5</td>
<td>641,576</td>
<td>1.9</td>
<td>737,228</td>
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<td>79,920</td>
<td>(0.7)</td>
<td>(178,469)</td>
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</table>

[A, C] Excludes Redirected Resources

**Total Additional Project Funds Needed [B + D]** 18.4 7,760,099

**Annual Savings/Revenue Adjustments**

<table>
<thead>
<tr>
<th></th>
<th>FY 2001/02</th>
<th>FY 2002/03</th>
<th>FY 2003/04</th>
<th>FY 2004/05</th>
<th>FY 2005/06</th>
<th>FY 2006/07</th>
<th>FY 2007/08</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Savings</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Increased Program Revenues</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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