



# Case Study: Arizona Health Care Cost Containment System, Maintenance and Operations Procurement

## CHALLENGE

The Arizona Health Care Cost Containment System (AHCCCS) needed to re-procure Maintenance and Operations (M&O) services for the Health-e-Arizona Plus (HEAplus) eligibility determination system.

## PROBLEM

Re-procurement of existing services presents a unique set of challenges, such as reconsidering current agreements and justifying changes, all while maintaining impartiality. In addition to developing a procurement process resulting in the selection of a vendor that meets the cost and technical requirements of the state, the process must be able to withstand potential vendor protests.

## SOLUTION

Due to the company's past procurement success, AHCCCS hired netlogx to assist in the re-procurement of the System's M&O services. netlogx began the procurement process by working to gain an understanding of the current state of the project by:

- Reviewing previous vendor responses from past procurements
- Interviewing AHCCCS and Arizona Department of Employment Security (ADES) staff
- Researching eligibility systems and M&O contracts of comparable states

In order to understand what AHCCCS needed from an M&O system, netlogx:

- Conducted more than 20 requirements elicitation sessions on-site over a two-week period
- Developed more than 500 requirements and 20 Service Level Agreements (SLAs)

During our research, netlogx discovered significant cost discrepancies between Arizona's existing vendor and other eligibility determination M&O contracts in similarly sized states. These findings and other information were incorporated into a Procurement Roadmap and RFP Recommendations Report, defining the procurement direction and goals.

Using this information, netlogx leveraged an internally developed evaluation planning tool to demonstrate a handful of scenarios based on how the evaluation points were distributed. For example, we compared the scoring of a low-cost and low-quality proposal versus a high-cost and high-quality proposal and other scenarios. Using our internal tool, we were able to help the State of Arizona select the point distribution that best met their cost and technical considerations.



## RESULT

netlogx' efforts resulted in projected savings of more than \$50 million in M&O costs over a five (5) year period. The newly selected vendor also reduced defect rates and improved system efficiency. In addition, the justification and documentation created by netlogx were used to uphold the procurement decision against a vendor protest.

## ADVANTAGES

- The netlogx evaluation tool uses actual costs from other comparable states, in combination with other research, to forecast the cost of a procured solution
- The evaluation planning tool allows states to determine the ratio of cost to quality when procuring a solution
- The evaluation planning tool can be modified for use in any type of procurement project
- The evaluation planning tool can be updated in real-time to understand how different point distributions will impact the award of the procurement