**Testimony before the**
**Budget Section**
**March 11, 2010**

Chairman Holmberg, members of the Budget Section, thank you for your time today and for the chance to address this legislative body. And thank you to our partners in the DHS for their support in our efforts. This has been a true partnership and we appreciate their guidance and support.

My name is Mark Boxer and I am Group President for ACS Government Healthcare Solutions. In this role I am responsible for the work of the ACS employees who provide services to government health care customers, including the important work we are doing on the North Dakota Medicaid Management Information System (MMIS).

I want to introduce the rest of the ACS team here with me today. Joining me is Tasos Tsolakis, Chief Information Officer, who oversees all Medicaid Systems Development for our company, Ken Adami, head of Government Relations for Health Care and Greg Bryant, Regional Vice President for Government Health Care Services. Greg is the ACS Executive who directly oversees the implementation of your MMIS system. This team will join me to take your questions after I make some opening remarks.

Before I begin my comments on our MMIS efforts, I want to tell you about a positive development within ACS. As some of you may know, we have joined forces with Xerox and ACS is now a Xerox company. I want to emphatically state that this change will have no negative impact on this project. In fact, it only serves to strengthen our efforts.

As a Xerox company, we are part of a much larger and deeper organization - a $22 billion enterprise with 130,000 employees. Xerox has incredible R&D and technology resources dedicated to health care solutions and ACS can now leverage Xerox's industry-leading investments. This alignment provides ACS with a much broader base of support, firmly establishing us as a world-leader brand in the services industry.

The purpose of my visit today is to provide a status update on our progress with the North Dakota MMIS -- to share with you an update on the changes we put into place last fall to improve our execution, to outline the progress on the development and testing of our product and ultimately on the implementation that will provide North Dakota and its citizens with the most advanced MMIS that is available in the market.

The last time I visited with you was September 2009. As I shared with you at that time, we had a number of challenges with this project. While it is not unusual for complex development projects to encounter difficulties, we acknowledged at that time the fact that we needed to strengthen our focus in several key areas, including staffing, project management and reporting. And we delivered on those promises. First, I want to review these positive improvements.

We promised to add additional subject matter expertise to the project. We added additional health care systems depth to both our leadership structure and to our teams at no additional cost to the state of North Dakota. Since I met with you in September, we've added over 100 additional resources to the product development team and now have more than 600 resources supporting the completion of the core product

that will be deployed into North Dakota.  This was done to improve the pace of testing and defect resolution.

We promised to improve how we communicate with the state.  We have made significant positive changes in how we communicate information and oversee the project together.  We've honored our commitment to increase the transparency of our progress with the North Dakota project team – through regular metrics updates; DHS now has visibility into defect resolution rates, testing results and resource planning.

We promised to improve project management governance.  We participate in a monthly executive steering committee where all team members can review an overall project status as well as address key issues or concerns.  We recently shared a demo of the core MMIS product in its current state which was positively received.  We will continue to do this at regular intervals throughout the project to show real progress on actual code and testing.

But the real measure of a partner is the capacity and commitment to stand behind a project and bring it to a successful completion. With that in mind, be assured that we are making solid progress that will result in a very successful MMIS for the state.

Since my last visit in the fall, we have completed the development of the core application and are now in defect correction mode and performance tuning.  All the core code for the MMIS is done.  We could not say that the last time we met.

The process for defect identification is an iterative testing methodology geared to exercise all facets of the system.  There are three primary phases in this testing process – functional testing, system integration testing (called SIT) and end-to-end testing.  Functional testing is the execution of the individual components of the system, SIT is the testing how these parts interact and work together while end to end testing simulates the daily, weekly, monthly and annual business processes under which the system performs.

When I visited last fall, we were only 52% through functional testing; we are now 96% through with functional testing.  We expected to be fully complete with functional testing now, so we are slightly behind on that phase.  When I last spoke to you, we had just started SIT, now we're above 62% complete, and this includes adding over 4,000 test cases to this phase.  Why do we add test cases – to make sure there is adequate coverage against any scenario we could possibly encounter as we go-live.

Against where we expected to be, we are about 45 days behind where we wanted to be in these two phases.  For a project of this magnitude, that is not unexpected.  We have tight project management in place, but this is more a result of complexity and adding work to the plan, as opposed to poor planning and estimating.

With the end-to-end testing phase, we had just started the early scoping back in September– it's now completely defined and the appropriate detailed project planning is under way.  And in fact, we are now in the first cycle of end-to-end testing.

Our focus continues to be on quality – we have the ability to impact the overall quality of the product by identifying and correcting defects prior to go live.  We accomplish this through the rigorous testing processes I just described.  Since September, we have identified and closed over 7,000 defects.  Based on current project metrics, we expect to identify and close an additional 4,500 remaining defects through the remaining testing.  This is a completely new product and we are shaking it out thoroughly.  When we met in September, under 5% of test cases in SIT were passing the first time; we now have about 65% passing the first time.

In fact, we have implemented additional quality improvements to the program to better manage how defects are identified and fixed.  We've added an intense triage process that involves a formal review of the defect as it enters the correction process and once corrected, we complete a second review before the change is moved back into the core system.  As a result, we've seen the defect correction pass rate improve from 50% to 75% for first time passed on defect corrections.

In the next month, our team will begin migrating core product code to the North Dakota project and we will begin making North Dakota-specific modifications to the completed functions from the core system.

I want to note that a slip in interim milestones does not necessarily mean that we cannot achieve our timeline objectives.  Our team is currently working with DHS to implement this system in April 2011.   However, this is a large, complex system with a high level of risk.  Our focus has been not only to manage the risk but to ensure we stay on top of delivering a

high quality product.  The most important thing is that this system works at go-live.

Our responsibility to North Dakota is to ensure the state has a system that will enable it to effectively service its citizens for years to come.  For that reason, we are looking beyond this system going live and have started even planning future enhancement capabilities of the system.

In closing, I wanted to briefly share a point of interest that I feel distinguishes ACS from others in the industry and why, moving forward, we are appreciative of the collaboration and partnership shown to us by DHS.

ACS has been building and supporting MMIS development for over 25 years.  We consider ourselves masters of this industry and have looked at how the industry has evolved from a business perspective and technologically over time.  We've reviewed numerous implementations across the country – our own and our competitors.  We've looked closely at recent implementations to determine what worked and what could be improved.  We bring those best practices to this work.

What I can say now with some small sense of pride is that our Enterprise MMIS is able to process and pay a claim today.  We can receive a claim, adjudicate and pay it.  Certainly, there are North Dakota specific determinants that will need to be reflected.   While we have a considerable amount of work left to complete, this in and of itself is no small accomplishment.  I could not say that the last time we met.

As a valued partner with DHS and the State of North Dakota, we do not want to do anything that negatively affects the over 61,000 citizens this program supports or the provider community that you depend on to deliver healthcare.  We have the heartfelt belief, that your goal is to have a quality program – on this we agree and you have our commitment to do whatever is needed to meet our shared objective.  I hope you have seen that in the improvements we have made to this project.

You have the absolute commitment of ACS and the Government Health Care team to deliver this project with integrity and quality.

With that, I respectfully close out my formal comments, and I thank you again for your time today.