**ACS Testimony to the Budget Section of North Dakota Legislative Management, September 15, 2009**

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 allowing us to address this committee directly.

My name is Mark Boxer and I am the Senior Vice President of Global Technology Services for Affiliated Computer Services.  In this role, I report directly to the CEO of our company and oversee the office of the Chief Information Officer, Chief Administrative Officer, Chief Information Security Officer, Systems Integration and Application Delivery Centers.  I am also the executive at ACS responsible for the development of the technology that supports ACS' government customers, including the North Dakota Medicaid Management Information System.

Also joining me today from ACS are Tasos Tsolakis, Chief Information Officer, who oversees all Medicaid Systems Development, John Coleman, Senior Vice President of Legislative and Public Affairs and Greg Bryant, Regional Vice President for Government Health Care Services.  Greg is also the ACS Executive who directly oversees the local implementation of the MMIS system.  They will be taking your questions with me after I make some opening remarks.

For background, ACS is a publicly traded company with annual revenues of nearly 7 billion dollars and 70,000 dedicated employees. Fully half of our revenues come from important government customers, like yourself.

We are the leading provider of services to state governments helping our customers run programs such as child support, highway toll systems, parking and fare collection systems, motor vehicle licensing and human service eligibility.

In healthcare, we have over 4000 employees dedicated to helping states with the administration of their Medicaid programs in areas such as electronic health records, pharmacy benefit management and of course in claim processing, which is the focus of our work here in North Dakota.

I am a recent addition to ACS, having been on board at the firm for about six months now. I have over twenty years of experience in health care information technology, holding roles in IT, outsourcing, consulting, and systems integration working as a CTO, CIO and EVP of Information Technology.

I spent part of my career in commercial health care in the roles of Chief Strategy Officer, President Consumer Health Plans, and head of Operations, Technology and Government Services. I was brought into ACS by the CEO with the charge to improve how we develop and deploy systems and solutions to our customers. In addition to working in industry, I have also taught at the graduate level, holding fellowship and adjunct faculty roles in health care IT.

I want to make it clear to all of you how important our relationship is with North Dakota. You are a very important customer, and it is critical to ACS and to me personally that we fully meet and even exceed your expectations.

Let me begin by apologizing for the delays that have occurred in our project. Having sat on both the customer side and on the delivery side, I understand that when you sign up with a partner, you put your own reputation and credibility at stake. I understand

your disappointment in us as your partner and I appreciate that the proof comes not from what I say in front of you today, but in how we deliver on our promises moving forward.

If there is one message I want to convey to you, it is the fact that there is an absolute commitment at ACS from every level in the company to getting this development and implementation right for the State of North Dakota. To date, we have not done that as well as you should expect, and going forward my promise to you is that we will work very, very hard to earn back the trust you and the people of North Dakota have placed in us.

I want to cover several things with you today:

First, I want to explain to you the reasons for the delay, in plain language;

Next, I want to share with you some things that we are doing differently over the past several months to manage this project in better ways, to mitigate the risks that come with such a large effort;

And lastly, I want to share how we plan to better communicate with your team and provide to them with the evidence of progress being made.

There are three primary drivers that have caused the delays in this project. And we take full accountability for these issues.

First, we augmented our own application development group with a partner that did not deliver what they committed they could do. No excuse for that. We own who we choose to subcontract to, and that vendor did not deliver code that was anywhere near acceptable commercial quality. For that reason we have had to operate in recovery mode and essentially re-develop the modules that they did not deliver. We have done that, but unfortunately that added

time to the schedule, since we had to go back and rewrite that software code from scratch.

Second, there is a significant amount of parallel activities taking place in this MMIS effort and it is our desire to do each one with quality. We have had to sequence how the work gets done across modules and interfaces and we know that to give each sufficient focus, we need to space them out. Prior planning had all happening coincidental with others, and we know that could lead to gaps in execution.

Third, we have found that the complexity of testing and defect fixing for the modules is taking longer than expected; under-estimating how long it takes to test and refine the code once it is developed. We own this.

There is no palatable way to explain the delay, and rather than try to talk about the issues in a sugar-coated way, I wanted to explain them to you in just the manner they occurred.

Now, the question on your minds I am sure is what are we doing to recover from these issues and what should give you the assurance that we will not slip further. Certainly with a project of this magnitude and complexity there will be risks, and I cannot tell you that we will not hit additional issues.

But what I can tell you is that we have taken deliberate steps to ensure that we manage those risks well and deliver on the promises we are making to you. These steps focus on improved development and testing, more rigorous program management, deliberate quality assurance measures and improved talent deployment and staffing.

First, we have added additional health care systems depth to the leadership team. We have brought in talent who have built claims

systems before and those leaders are acting as the air traffic controllers to make sure we are sequencing work well and managing to schedules.

Second, we have gone back and re-validated our new plans with a bottoms-up view – going through and making sure the milestones are well defined and measured. We have added additional program managers to this project management office or PMO structure who have built and deployed Medicaid systems. They clearly know how to do this work. We did not have sufficient depth in all areas of program management before.

Third, we have brought on additional development partners, again who have built systems like these, to provide additional capacity. We know as we test and as you test the system, we will find defects; the key to maintaining the schedule will be having sufficient capacity in place to test and fix those defects as they are discovered. Every complex claim system build will face these challenges – we want to make sure we are handling them in a manner that results in a quality product.

Next, we have developed much more precise metrics that allow us to measure daily productivity on testing, fixes and retesting. We go through these metrics twice a day and we measure them for ourselves and for our development partners.

The last thing we have done is broken our team into collaborative PODS – putting subject matter experts together with code developers, together with testing resources to speed up the process of focusing on claims, member and other functionality.

The other thing that I have done personally is instituted a peer review process. I brought in a team of experts from within ACS, not assigned on this project, but from outside the team, to inspect and review the work of the team. These are leaders who have

extensive experience. Their role is to serve as internal Q/A checkpoints.

We will also work hard to communicate in better ways the status of the project to your DHS team. We plan to meet with that team every two weeks to review specific metrics and provide them the opportunity to challenge us on progress. We have instituted stronger joint planning with that team and we will publish weekly metrics to them on our testing and defect resolution.

I can tell you that when this system is installed it will be the most advanced MMIS in the industry. But I also know the new proposed implementation date for North Dakota of April 2011 is longer than expected.

Here is where we are at this time. Construction of the core code is largely complete. We do have some North Dakota specific code yet to be developed. On the core code, we have two main phases of testing remaining: Functional Test which focuses on testing within each functional area and System Integration Test which is a test across the functional areas, ensuring the claims works with financial and member for example.

For North Dakota specifically, we have completed the requirements design phase, and have begun making modifications for North Dakota-specific changes to the completed functions from the core system.

ACS absolutely honors our agreements and works hard to satisfy our customers. I am not here to simply offer excuses for the delay, but to convey commitment from the highest level of ACS to you, this committee, the Governor and to the people of North Dakota that we will complete this project in a way that positions this state as a leader in the administration of Medicaid programs. I know that the there are over 53,000 citizens and thousands of medical

providers that are relying on this computer system to help run this vital healthcare program.

We will do whatever it takes to win back your trust and deliver the project well. We will bring to bear the full depth and breadth of ACS resources to this program. With that, I respectfully close out my formal comments, I thank you again for your time and I open the floor up to any questions.