



Helping Government Serve the People.®



*Proposal to Provide*

**Medicaid Management Information System (MMIS)  
Independent Verification and Validation (IV&V)  
Services**

*Prepared for*

The Louisiana Department of Health and Hospitals,  
Bureau of Health Services Financing

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Volume 2: Price/Cost Proposal  
Section 5. Cost and Pricing Analysis

February 29, 2008

## 5. COST AND PRICING ANALYSIS

### Section Organization

- 5.1 Cost
- 5.2 Cost Assumptions
- 5.3 Cost and Pricing Analysis

Louisiana is making a considerable investment in it's a effort for the Medicaid Management Information System (MMIS) Replacement Project – a value proposition that will pay dividends for years to come. The MMIS IV&V Services contract must be viewed as a value proposition as well. Which contractor will provide the Department of Health and Hospitals (DHH) with the best value – as measured by its total solution of plan, people, and performance? That IV&V contractor is MAXIMUS.

### RFP Section 6.7

Proposer must specify costs for performance of tasks and methodologies of payment.

Proposal must include all anticipated costs of successful implementation of all deliverables outlined in Section 4.1.1 thru 4.1.4.

An item by item breakdown of costs must be furnished in the proposal.

The itemized cost breakdown should include, at a minimum, individual costs for each Subtask in Phases 1 through 4.

Costs for each subtask shall be inclusive of all costs to provide the services described therein.

MAXIMUS believes strongly that we offer the DHH exceptional value for the cost of our services. DHH gets the value of a trusted partner – one who has performed this work successfully on other states' MMIS replacement projects and also for other agencies in Louisiana. MAXIMUS has provided similar IV&V services to more state government agencies (most notably, health and human services agencies) than any other firm and is a firm who has earned a reputation for quality performance.

Value comes from a combination of actual price paid and services received for that price. A low price that is associated with a firm with an unproven track-record, an untested methodology, unstable financials, or inexperienced staff is not a good value proposition. With MAXIMUS, DHH will enjoy a low-risk partnership that will deliver high value to the MMIS IV&V Services Project.

Below, we present our cost, cost assumptions, and the required cost and pricing analysis.

### 5.1 COST

MAXIMUS is proposing a price of \$4,188,860.81 to provide all the services to perform the tasks identified in your Request for Proposals (RFP) for the MMIS IV&V Services Project and offered in our proposal.

### 5.2 COST ASSUMPTIONS

Our price is inclusive of all costs. Travel and other project-related expenses are estimated and apportioned to the hourly rate for each consultant used to derive our costs for each deliverable. In deriving our price/cost proposal, MAXIMUS made the following assumptions:

- DHH staff will actively and collaboratively participate in this effort and be made available for work sessions in accordance with the approved Project Work Plan.

- Existing Fiscal Intermediary (FI) staff will be made available to support work activities in accordance with the approved Project Work Plan.
- Materials requested will be identified and made available so our schedule is not adversely impacted.
- DHH will provide workspace and conference rooms for the MAXIMUS Team as indicated in the DHH's answers to questions.
- DHH review of MAXIMUS deliverables will be completed as expeditiously as practicable, but no later than ten business days after receipt of deliverable. Any comments or required changes to a deliverable will be communicated from the DHH Project Manager in one consolidated and unduplicated set of comments. We expect these comments to be returned within the timeframes defined in the approved Project Work Plan. If we do not receive comments within ten business days we will assume the deliverable is approved as is.
- DHH will provide access to a secure shared drive for maintaining project work documents. Internet access will be provided with security restrictions.
- The scope of work shall not change from the services described in the RFP.
- The anticipated project duration is 36 months. Schedule slippage, affected through no fault of MAXIMUS, which extends the primary work under this contract past the current estimated duration shall represent justifiable cause for a contract amendment process.
- Additional requirements gathering, validation, and interview sessions, beyond the finite number described in the proposal, if required, will be addressed through the contract amendment process.
- The scope of the requirements definition, work flow mapping, and Business Process Reengineering (BPR) will be limited to the schedule identified in our Project Work Plan and the depth will be limited to what is required to complete the Implementation Advanced Planning Document (IAPD) and Solicitation for Proposals (SFP).
- The quantity of FI deliverables that MAXIMUS must review will not increase beyond what we have identified. If this number of deliverables does increase, it shall represent justifiable cause for a contract change request.
- Costs for review of FI deliverables has been based upon an initial review of a complete deliverable. Should DHH or MAXIMUS identify significant quality issues or gaps in information, the deliverable will be returned to the FI for resubmission of a complete document ready for review. The initial review would be initiated again.
- Once the FI has revised a deliverable based on the initial comments and resubmitted the deliverable, MAXIMUS will perform a second review focusing on the modifications and/or FI responses to comments from the initial review.

### 5.3 COST AND PRICING ANALYSIS

The following cost and pricing analysis table provides the total price for the MMIS IV&V Services Project and provides a breakdown of the cost by Phase, Task Order, Subtask, and Deliverable.

Subtask	Deliverable	Phase/Task Order/Cost	Subtask/Deliverable Costs	Method of Payment
<b>MMIS IV&amp;V Services Project Total Project Costs</b>				
Ongoing Project Management	Monthly Project Status Report	\$4,188,860.81		
Phase I -- Planning/Pre-Implementation		\$1,088,000.00		
Task Order I-1: Needs Assessment		\$1,398,024.21		
Subtask I-1.1: Task Accomplishment Plan (TAP)	Phase I, Task Order I-1 Task Accomplishment Plan (TAP)	\$350,370.02	\$4,502.18	FFP upon approval
Subtask I-1.2: MTA State Self-Assessment	MTA State Self-Assessment		\$25,898.16	FFP upon approval
Subtask I-1.3: Gap Analysis	Gap Analysis		\$152,530.19	FFP upon approval
Subtask I-1.4: Alternatives Analysis Consideration	Alternatives Analysis Consideration		\$67,946.76	FFP upon approval
Subtask I-1.5: Cost Benefit Analysis	Cost Benefit Analysis		\$63,827.54	FFP upon approval
Subtask I-1.6: Solution Assessment	Solution Assessment		\$21,137.45	FFP upon approval
Subtask I-1.7: Transition Plan	Transition Plan		\$14,527.74	FFP upon approval
Task Order I-2: Requirements Definition		\$434,367.77		
Subtask I-2.1: Task Accomplishment Plan (TAP)	Phase I, Task Order I-2 Task Accomplishment Plan (TAP)		\$3,584.02	FFP upon approval
Subtask I-2.2: Organizational Structure	Organizational Structure		\$14,020.82	FFP upon approval
Subtask I-2.3: Work Flow Mapping	Work Flow Mapping		\$152,859.65	FFP upon approval
Subtask I-2.4: Interface Definition	Interface Definition		\$9,613.51	FFP upon approval
Subtask I-2.5: Business Process Reengineering	Business Process Reengineering		\$25,320.61	FFP upon approval

MAXIMUS Cost and Pricing Analysis Table for the MMIS IV & V Services Project				
Subtask	Deliverable	Phase/Task Order/Cost	Subtask/Deliverable Costs	Method of Payment
Subtask I-2.6: HIPAA Compliance & Federal Requirements	HIPAA Compliance & Federal Requirements		\$22,997.46	FFP upon approval
Subtask I-2.7: MMIS Functional Requirements	MMIS Functional Requirements		\$39,715.77	FFP upon approval
Subtask I-2.8: Other Functional Requirements (i.e. DW/DSS, RxPOS, etc.)	Other Functional Requirements (i.e. DW/DSS, RxPOS, etc.)		\$14,617.19	FFP upon approval
Task Order I-3: Procurement Support		\$151,638.74		
Subtask I-3.1: Task Accomplishment Plan (TAP)	Phase I, Task Order I-3 Task Accomplishment Plan (TAP)		\$13,738.74	FFP upon approval
Subtask I-3.2: Implementation Advance Planning Document (IAPD)	Implementation Advance Planning Document (IAPD)		\$40,860.68	FFP upon approval
Subtask I-3.3: Solicitations for Proposal (SFP)	Solicitations for Proposal (SFP)		\$30,207.05	FFP upon approval
Subtask I-3.4: Proposal Evaluation Plan and Evaluation Tools	Proposal Evaluation Plan and Evaluation Tools		\$26,894.01	FFP upon approval
Subtask I-3.5: Contract Review and Negotiations	Contract Review and Negotiations		\$39,938.26	FFP upon approval
Task Order I-4: Project Management Support		\$461,647.68		
Subtask I-4.1: Task Accomplishment Plan (TAP)	Phase I, Task Order I-4 Task Accomplishment Plan (TAP)		\$1,642.68	FFP upon approval
Subtask I-4.2: FI Contractor's DDI Project Work Plan	FI Contractor's DDI Project Work Plan		\$19,441.32	FFP upon approval
Subtask I-4.3: FI Contractor's DDI SDLC Processes	FI Contractor's DDI SDLC Processes		\$11,422.04	FFP upon approval
Subtask I-4.4: Project Risk/Issues Tracking	Project Risk/Issues Tracking		\$5,450.70	FFP upon approval
Subtask I-4.5: Monitor FI Contractor's DDI Progress	Monitor FI Contractor's DDI Progress		\$423,690.94	\$23,538.39 per DDI Month (18 months)
Phase II - Design and Development		\$572,942.55		

MAXIMUS Cost and Pricing Analysis for the MMIS IV Services Project				
Subtask	Deliverable	Phase/Task Order Cost	Subtask/Deliverable Costs	Method of Payment
Task Order II-1: Design and Development Quality Assurance		\$572,942.55		
Subtask II-1.1: Task Accomplishment Plan (TAP)	Phase II, Task Order I-1 Task Accomplishment Plan (TAP)		\$7,914.71	FFP upon approval
Subtask II-1.2: Definition of Design Milestones	Definition of Design Milestones		\$11,870.17	FFP upon approval
Subtask II-1.3: Design Documents and Artifacts	Design Documents and Artifacts		\$13,319.87	FFP upon approval
Subtask II-1.4: Preliminary Design Review	Preliminary Design Review		\$226,384.41	FFP upon approval
Subtask II-1.5: Critical Design Review	Critical Design Review		\$91,598.87	FFP upon approval
Subtask II-1.6: Monitor Change Requests	Monitor Change Requests		\$17,621.43	FFP upon approval
Subtask II-1.7: Requirements Traceability Matrix	Requirements Traceability Matrix		\$105,231.55	FFP upon approval
Subtask II-1.8: Unit Test Results	Unit Test Results		\$50,545.08	FFP upon approval
Subtask II-1.9: Evaluation of Integration/System Test Environments	Evaluation of Integration/System Test Environments		\$17,943.35	FFP upon approval
Subtask II-1.10: Assessment of Data Conversion Plan	Assessment of Data Conversion Plan		\$30,513.11	FFP upon approval
Phase III -- Testing and Implementation		\$315,821.85		
Task Order III-1: Independent Verification and Validation of LA MMIS		\$315,821.85		
Subtask III-1.1: Task Accomplishment Plan (TAP)	Phase III, Task Order I-1 Task Accomplishment Plan (TAP)		\$4,005.39	FFP upon approval
Subtask III-1.2: Analysis of Data Conversion Results	Analysis of Data Conversion Results		\$35,946.38	FFP upon approval
Subtask III-1.3: Analysis of Integration / System Test Results	Analysis of Integration / System Test Results		\$185,991.72	FFP upon approval
Subtask III-1.4: Assessment of Readiness for UAT	Assessment of Readiness for UAT		\$45,190.92	FFP upon approval

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Subtask	Deliverable	Phase/Task Order/ Cost	Subtask/ Deliverable Costs	Method of Payment
Subtask III-1.5: User Acceptance Test Plan	User Acceptance Test Plan		\$44,687.44	FFP upon approval
Subtask III-1.56: Execution of UAT	User Acceptance Test Execution Report		\$728,251.38	FFP upon approval
Phase IV – Post Implementation		\$237,459.57		
Task Order IV-1: Preparation for CMS Certification		\$237,459.57		
Subtask IV-1.1: Task Accomplishment Plan (TAP)	Phase IV, Task Order I-1 Task Accomplishment Plan (TAP)		\$8,117.93	FFP upon approval
Subtask IV-1.2: Post Implementation Review	Post Implementation Review		\$66,998.66	FFP upon approval
Subtask IV-1.3: CMS Certification	CMS Certification		\$162,342.97	FFP upon approval