STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
2025-26	4150	Department of Managed Health Care
Hyperion Budget Request Name 4150-008-BCP-2025-GB		**Relevant Program or Subprogram** 3870-Health Plan Program

Budget Request Title
Identity and Access Management (IDAM) – Project Planning

Budget Request Summary
The Department of Managed Healthcare (DMHC) is requesting $187,000 in 2025-26 only from the Managed Care Fund to implement the planning stage of a project to provide Identity Access Management (IDAM) solution that includes Single Sign-On (SSO) capability, application user role and user account management to enhance application security, simplify user access and streamline the management of digital identities.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed	
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A		
Does this BCP contain information technology (IT) components? ☒ Yes ☐ No *If yes, departmental Chief Information Officer must sign*.	**Department CIO** Ralph Cesena Jr	**Date** 9/6/2024

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Project Approval Document:** N/A

Approval Date: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal? ☒ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Rita Pearson	1/10/2025	Gita Mehirdel	1/10/2025
Department Director	**Date**	**Agency Secretary**	**Date**
Mary Watanabe	1/10/2025	Kimberly Chen for Kim Johnson	1/10/2025

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☒ ITCU ☐ FSCU ☐ OSAE ☒ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Joseph Donaldson	1/10/2025

A. Problem Statement

The Department of Managed Healthcare (DMHC) is requesting $187,000 in 2025-26 only from the Managed Care Fund to implement the planning stage of a project to provide Identity Access Management (IDAM) solution that includes single sign-on (SSO) capability, application user role and user account management to enhance application security, simplify user access and streamline the management of digital identities.

Background/History

The DMHC's mission is to protect consumers' health care rights and ensure a stable health care delivery system. The DMHC protects the health care rights of more than 29.8 million Californians by regulating health care service plans, assisting consumers through a consumer Help Center, educating consumers on their rights and responsibilities and preserving the financial stability of the managed health care system. Embedded in this mission is the DMHC's responsibility for ensuring information technology (IT) systems are sufficient and secure for the DMHC's data, employees and customers.

The Office of Technology and Innovation (OTI) is tasked with developing ways to provide adequate project management and automate critical business processes to mitigate security vulnerabilities, including application/system development and support, procurement and management of IT assets, data security and supporting staff members' IT needs.

The DMHC is currently maintaining 11,000 external users accounts across six different datasets for public-facing web portals. An individual can have multiple accounts within one portal or across multiple portals depending on the number of organizations the person represents. Having to manage multiple accounts, external users submit about 200 password-related support requests per year and some users are not tracking their passwords using a secure tool, leading to more opportunities for a security breach.

Currently, the authentication technology used by DMHC applications is an outdated construction that requires custom coding or complex workarounds to integrate with modern cloud platforms. The disparate user datasets and outdated authentication technology add significant risks to the DMHC initiatives in adopting cloud technologies for business solutions and security mandates.

The DMHC successfully integrated Multi Factor Authentication (MFA) into all of its external facing enterprise applications, which did not include the implementation of IDAM. This proposal will add the required IDAM capabilities across multiple on-premises and cloud platforms that will allow for management of various external user personas and provide an ability to manage persona data.

Implementing the IDAM solution is critical to enhancing the DMHC's security posture, meeting Cal-Secure requirements and simplifying access management for the DMHC's suite of external-facing enterprise applications. Additionally, implementation of IDAM will strengthen security protocols and allow users to access multiple applications with a single set of credentials. It will increase operational efficiency and reduce the time spent on access and password-related issues.

B. Justification

The implementation of the IDAM solution is important to enforce strict access controls, ensuring that only authorized users can access specific resource data in applications. This minimizes the risk of unauthorized access and potential data breaches. By using methods like MFA, the IDAM solution provides an additional layer of security beyond just passwords making it harder for malicious actors to gain access.

The IDAM solutions (MFA, SSO) help verify the identity of users ensuring that only legitimate users have access to systems which is crucial to preventing fraud and impersonation. This solution also simplifies the process of onboarding, modifying and offboarding users. This reduces administrative overhead and the likelihood of errors.

The SSO capabilities within IDAM solution streamline the user experience by allowing users to access multiple systems with a single set of credentials, reducing the need to remember multiple passwords in improving productivity. The IDAM solution can also automate workflow related to user access, maintain detailed logs of user activity and access changes which are essential for audits, investigation and demonstrating compliance with regulatory requirements.

Additionally, the IDAM tools can also help mitigate the risk of insider threats by ensuring the employees and users have access only to the information necessary for their roles. In the event of a security incident, this solution enables quick response actions such as revoking access, updating permissions and tracking unauthorized access attempts. This solution can integrate with new technologies and cloud services providing a flexible foundation for future digital transformation initiatives. Implementing the IDAM solution is a critical component of the daily cybersecurity strategy helping to protect sensitive information, streamline operations and ensure compliance with legal and regulatory requirements.

The resources requested in the proposal will address the DMHC's application authentication and authorization technology and allow for seamless integration between legacy applications and modern cloud platforms. The reduction in the IDAM's technology debt increases operational and application maintenance efficiencies and enables the DMHC to swiftly meet application-related security requirements. This project will also improve DMHC security posture by removing the need to rely on end-users to manage multiple account credentials with SSO capabilities.

This proposal is a foundational step in the planning of the DMHC application modernization initiatives aimed at leveraging modern application development platforms to efficiently deliver business solutions. This proposal will assess the existing IDAM solution to implement future enhancements that will enable the DMHC to effectively and efficiently manage external user authentication and authorization using industry best practices.

The IDAM will expand the scope and availability to provide authentication and authorization with modern protocols, MFA, SSO capability and modern accessible user interfaces. These features will lay the foundation for the DMHC to modernize applications across multiple platforms and meet security mandates. It enhances both security and usability, making it a valuable component of modern IT infrastructure.

If this proposal is not approved, the DMHC will have to account for risks of modernization project delays because of complex coding and unforeseeable problems that could arise from integrating cloud platforms with ASP.NET forms authentication. The workarounds are not security best practice and will create more technology debt, such as adding another external user dataset to a specific cloud platform.

The DMHC has determined the following resources are necessary to implement the planning stage of the IDAM solution.

Office of Technology and Innovation

The DMHC's Office of Technology and Innovation (OTI) is responsible for all DMHC IT-related facets, including application/system development and support, procurement and management of IT assets, data security and supporting staff members' IT needs. The DMHC will need to make

changes to the existing IDAM solution to include SSO across multiple platforms. The new IDAM solution will add the SSO capability that will allow for Identity and Access Management of various external user personas and provide an ability to manage persona data.

To address the additional workload the OTI is requesting the following resources:

Consultant Funding
The DMHC is requesting consultant funding of $132,000 in 2025-26 to implement the planning stage of the IDAM. This cost is based on an estimated $135 per hour rate and 960 hours and the DMHC's experience with similar system modernizations in a low-code (minimal code) development platform so that future enhancements will have shorter turnaround time and cost compared to traditional coding methods.

The use of limited-term consultant funding in lieu of civil service classifications is requested to provide the immediate high-level expertise needed to perform the system enhancements and the short-term duration of the developer workload need. The workload is not ongoing and is not sufficient to support a permanent civil service resource.

The DMHC estimated OTI's costs to be $187,000 in 2025-26.

This amount includes $55,000 in 2025-26 for the California Department of Technology (CDT) IT Project Approval PAL Planning oversight and related CDT fees. This cost is based on CDT's $218 per hour rate and an estimated 240 hours, plus fees.

C. Departmentwide and Statewide Considerations

Cyber-attacks including data breaches, denial of service and ransomware are exponentially increasing every year. Healthcare data breaches have doubled in the last three years. The DMHC receives and processes a large amount of sensitive data, including financial compliance data received from health plans and consumer personal health and personal identifying information.

The State of California may be legally liable in the event of data loss and/or a security breach within the DMHC. Approval of this request will allow the DMHC to provide the necessary IT tools to enable protection of the DMHC IT systems which are critical to achieving our mission to protect consumers' health care rights and ensure a stable health care delivery system.

This proposal is consistent with the California Government Code 11549.3 requiring all state entities to comply with the information security and privacy policies, standards and procedures, issued by the California Office of Information Security and Office of Privacy Protection.

This proposal also supports the State Administrative Manual (SAM) 5300 that directs all state entities to develop, implement and maintain an Information Security Program Plan.

This proposal supports the California Health and Human Services (CalHHS) goal of improving administrative functions and eliminating outdated processes and functions by addressing antiquated legacy systems that affect health plans, risk bearing organizations and third-party review organizations when they interact with the DMHC. This proposal also supports the CalHHS goal that the delivery of programs and services yield concrete and meaningful results and to better address our health care consumers' needs while furthering our goal of delivering positive outcomes, which will directly improve the lives of Californians.

D. Outcomes and Accountability

Approval of this proposal will provide the resources to begin planning to enhance the existing IDAM, to lay the foundation for application modernization, reduce security risks and achieve versatility in addressing security threats. The updated IDAM would provide one intuitive and accessible user interface (UI) that consolidates siloed portals and data.

This centralized UI would reduce technology debt and increase maintenance efficiency for the DMHC by not having to manage six different portals. The DMHC would be able to provide SSO experience with one account dataset, resulting in operational efficiency and improved security with less credential issues from external users. The modern technology that comes with the updated IDAM would permit seamless integration with the latest cloud technologies and accelerates the DMHC's application modernization effort.

E. Implementation Plan

The DMHC will begin the project planning on July 1, 2025.

F. Supplemental Information

This request will be funded through annual assessments of the health plans regulated by the DMHC. The fiscal impact of this request to full-service health plans is estimated at less than $0.01 per enrollee in 2025-26.

Attachment A: BCP Fiscal Detail Sheet

BCP Fiscal Detail Sheet

BCP Title: Identity and Access Management (IDAM) - Project Planning

BR Name: 4150-008-BCP-2025-GB

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5340 - Consulting and Professional Services - External	0	130	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	54	0	0	0	0
5344 - Consolidated Data Centers	0	3	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$187**	**$0**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Budget Request	**$0**	**$187**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
State Operations - 0933 - Managed Care Fund	0	187	0	0	0	0
Total State Operations Expenditures	**$0**	**$187**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$187**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
3870 - Health Plan Program	0	187	0	0	0	0
Total All Programs	**$0**	**$187**	**$0**	**$0**	**$0**	**$0**