

Building Nimble Procurement Approaches for State Medicaid Tech Systems

By Tuyen Tran, Center for Health Care Strategies

With federal Medicaid work requirements taking effect in 2027, states are actively investing in new technology and data systems to support a major shift in how certain applicants qualify for and maintain benefits. Historically, Medicaid eligibility and enrollment technology systems have been procured through large, single-vendor contracts that are often slow to execute, difficult to change, and structured in ways that limit state control, concentrating risk at a time when states must rapidly adjust policy.

To address these challenges, states are seeking to adopt a more flexible and agile approach to procurement for eligibility and enrollment systems, as well as for technology infrastructure writ large. **Alaska's** Medicaid agency is a recognized leader in procurement agility, having invested in this transformation for almost a decade, and the state's experience offers important lessons for others.

This tipsheet draws on Alaska's experience and insights from procurement expert Waldo Jaquith of [U.S. Digital Response](#), shared during a state-only [Medicaid Work Requirements: Tech Implementation and Integration Learning Series](#) session in March 2026. It outlines seven best practices states can use to improve their processes within existing procurement authorities.

Seven Best Practices for Nimble Procurement

1. Break large, monolithic contracts into smaller pieces.

Large, single-vendor contracts concentrate risk. They are often slow to procure, hard to exit, and give substantial leverage to vendors. In contrast, procuring technology in smaller, modular components can reduce both the dollar value and the complexity of each contract, speed up the procurement process, and strengthen the state's ability to meet their implementation goals. Smaller contracts are also more accessible to a wider pool of vendors, including smaller and newer firms, and allow states to adapt more easily to changing guidance and priorities.

State Action Steps

- ✓ **Identify your state's procurement thresholds.** Assess your state's procurement limits and consider breaking projects into smaller components that fall below those thresholds to reduce complexity and speed up the process.
- ✓ **Map each system component as commercial off-the-shelf (COTS) or custom before procuring.** Distinguish between features that can be addressed through COTS products or those that require custom-built components.
- ✓ **Build a phased IT roadmap.** Bring policy, systems, and procurement staff together to develop a shared long-term vision. Then sequence implementation in manageable phases, organized by functionality, available funding, or program priorities.

- ✓ **Start with what you know.** Begin with project elements that have well-defined parameters. For example, Alaska began with the new law's six-month redetermination workflows and look-back period requirements, then expanded as additional requirements become clear.
- ✓ **Secure leadership support before restructuring.** Modular procurement requires changes to budgets, oversight, and reporting to agency leadership and state legislatures.

2. Choose the fastest compliant procurement option.

Not every IT need requires a new Request for Proposal (RFP). Issuing a full competitive solicitation is time-consuming and resource intensive. In many cases, states can leverage existing, pre-competed procurement vehicles at the federal and state levels to accelerate the process.

State Action Steps

- ✓ **Check federal procurement vehicles.** Determine whether needed components are available through vendors included on the [GSA Multiple Award Schedules](#), an index of pre-negotiated contracts open to all states. Many services and products can be purchased through a shorter procurement timeline through the GSA, and state Chief Procurement Officers typically have access to the program.
- ✓ **Explore [NASPO ValuePoint](#).** States can use this cooperative purchasing platform to join contracts competitively awarded by other states, eliminating the need for a separate solicitation. Alaska uses NASPO ValuePoint to reduce procurement timelines, lower costs, and expand vendor options.
- ✓ **Leverage existing solutions.** Before procuring new tools, confirm whether the state already holds licenses that can meet emerging needs, including through other agencies.
- ✓ **Use contract amendments when allowable.** Adding new tools or capabilities under existing vendor agreements is faster than issuing a new solicitation.
- ✓ **Engage state procurement partners early.** Proactively map upcoming needs before the next procurement cycle and identify the fastest compliant path for each component.



The best request for proposals is the one you don't have to write.

- Waldo Jaquith, Government Delivery Manager, U.S. Digital Response

3. Increase transparency in procurement processes.

Transparent procurement leads to better bids and fewer disputes. When vendors understand state processes, success criteria, and how questions will be answered, the procurement process moves faster and the resulting contracts are clearer.

State Action Steps

- ✓ **Post procurement strategy publicly.** Alaska uses GitHub (an online hub for software development collaboration) to post their RFP. In it, they describe project goals, outline team workflows, development standards, expectations of vendors, and their definition of “done.” Alaska also requires code to be posted publicly to GitHub, creating transparency and incentivizing good work.
- ✓ **Issue RFP drafts first.** Gathering vendor input before releasing RFPs sharpens requirements and reduces the volume of questions once the RFP is live.

- ✓ **Make vendor Q&A public.** Post and regularly update Q&A responses in a place accessible to all prospective vendors. This streamlines communication, shortens timelines, and avoids redundancy.
- ✓ **Focus RFPs on the goal, not the solution.** Clearly stating the desired outcome and asking vendors to propose how to achieve it produces more innovative bids and better work than prescribing every step of the approach.
- ✓ **Engage runner-up vendors after award.** Let them know they were competitive and encourage future submissions. This builds a stronger vendor pipeline over time.



We post everything on GitHub — our procurement strategy, how we work, our definition of done. Vendors see exactly what they’re getting into. It also makes vendors bring their A-game because their code is public. In one recent example, we had only 20 questions on a \$20 million procurement, which is unheard of!

- Tracy Mack, Business Manager,
Alaska Department of Health

4. Streamline vendor onboarding.

Vendor onboarding often takes longer than states expect. Background checks, system access, laptop provisioning, and required training can take months, with significant implications for implementation timelines. There are a number of low-hanging fruit opportunities to streamline the onboarding process.

State Action Steps

- ✓ **Assign one person to own vendor onboarding.** All required training and preparation should flow through a single coordinator, not bounce between offices.
- ✓ **Ruthlessly simplify the process.** Consider whether every contractor needs access to the state’s systems or state-issued laptops. Determine if onboarding steps must run sequentially or if they can proceed in parallel. Eliminating unnecessary requirements and running steps concurrently can cut onboarding time significantly.
- ✓ **Document and improve your onboarding process.** Identify where delays occur and assign accountability for clearing each bottleneck before the next contract starts.

5. Strengthen vendor collaboration.

Effective collaboration between states and vendors is just as important as contract terms. Transparency helps set expectations early. Alaska, for example, treats vendors as partners, with state and vendor staff working together toward shared goals.

State Action Steps

- ✓ **Describe how your team works in the RFP.** Include not just what you want built, but how your team operates. Alaska includes its product team structure, development practices, and overall approach in every solicitation, so vendors are prepared to collaborate effectively.
- ✓ **Require a human-centered design approach.** Ask vendors to describe their user-research and usability practices in their bids and make these elements part of the evaluation criteria.
- ✓ **Use modular contracts to foster collaboration.** Bringing multiple vendors into coordinated workstreams can strengthen collaboration. Alaska credits inter-vendor coordination across workstreams as a key driver of stronger outcomes and ongoing innovation.

6. Contract for working software.

Many states measure IT contract progress through deliverable milestones like plans, documentation, and implementation reports. Alaska has found that outcome-based contracting — paying for functional, usable software at each stage — better aligns incentives and strengthens vendor accountability.

State Action Steps

- ✓ **Define success by outcomes and goals, not deliverables.** Set contract metrics based on what the system needs to do for members and state staff.
- ✓ **Establish and publish a clear definition of “done.”** Include a detailed description of what constitutes working, usable software in every RFP, so vendors understand expectations from the outset.
- ✓ **Identify leverage points in vendor relationships.** Contract renewals, option periods, and mid-project reviews are moments when state influence is greatest.
- ✓ **Include strict performance-based termination clauses.** Short contracts with clear exit terms limit exposure when a vendor relationship is not working.
- ✓ **Specify reporting requirements upfront.** Define how metrics will be reported, by whom, and at what frequency. Include this in the contract rather than negotiating later.
- ✓ **Integrate security requirements from the outset.** Incorporate clear expectations — such as shared DevSecOps (development, security, and operations) practices — into the contract from the start. Treat security and operations as foundational, not additions after the system is built.
- ✓ **Make automation a contract requirement.** Make automation part of the scope to build efficiency into the system and reduce manual burden on state staff.

7. Invest in internal technical capacity.

Over-reliance on external vendors can leave agencies vulnerable, concentrating technical knowledge outside the agency and increasing risks if vendors underperform. Building internal capacity gives agencies oversight of system operations, better cost control, and the ability to respond efficiently to changing policies and requirements.



Because technology is so critical to running Medicaid eligibility and enrollment systems, investment in staffing capacity to oversee and manage these systems is an investment in the mission of Medicaid.

- Waldo Jaquith, Government Delivery Manager, U.S. Digital Response

State Action Steps

- ✓ **Identify and empower a product owner.** Assign a full-time person, responsible for overseeing the program from procurement through implementation and empowered to make decisions. Alaska found success assigning an experienced Medicaid program staffer as a product owner.
- ✓ **Hire people with software expertise.** States do not need to build full development teams, but they do need enough internal knowledge to evaluate what vendors build and ensure it meets requirements.
- ✓ **Develop independent government cost estimates.** Establish a clear understanding of reasonable software costs to evaluate vendor bids and negotiate effectively.
- ✓ **Build cross-functional product teams.** Include technical, security, business, and user experience staff. Alaska aligned its team structure with its contract structure, creating small, autonomous staff “squads” tied to specific workstreams. The product team structure — with product leads in each squad reporting to a product owner — distributed responsibility without losing accountability.

Conclusion

Today, it is essential that state agencies adopt a more agile, modular approach to IT procurement. This allows states to adapt quickly to evolving federal requirements while maintaining control over complex Medicaid systems and member information. Alaska’s experience proves that states can build better, more flexible and resilient systems by breaking work into smaller components, working openly, and approaching vendor relationships as partnerships.

Many of these approaches fit within existing state procurement authorities, but states that have made this shift are clear: the technical changes are the easy part. States must also invest in internal culture change. Alaska has been successful because the state secured leadership buy-in, experimented and iterated on team operations and performance measurement, and invested deeply in in-house technical capacity. State Medicaid agencies face a complex task, but with intention and flexibility, there is an opportunity to reshape Medicaid technology into resilient, user-centered infrastructure that can evolve with policy change and better serve members.

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Additional Resources

- **[18F De-Risking Guide](#)** - Practical guidance for state and federal agencies on procuring custom software effectively, co-authored by 18F and the U.S. Digital Service.
- **[NASPO Procurement Guide for Executive and Legislative Leadership](#)** - A plain-language overview of state procurement processes from the National Association of State Procurement Officials, designed for non-procurement leaders who need to understand and navigate the system.
- **[GSA Guide to Technology Contracts](#)** - A comparison of the General Services Administration’s multiple IT contract vehicles to help states identify the fastest path to purchasing technology products and services.



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