

ECONOMIC SERVICES ADMINISTRATION
ESAR – Phase II and III



2015-17 BIENNIAL BUDGET

ML Request	FY15	FY16	FY17	15-17
FTE	37.0	37.0	37.0	37.0
GF-State	\$6,125,000	\$12,225,000	\$2,725,000	\$14,950,000
Total	\$41,900,000	\$39,900,000	\$8,900,000	\$48,800,000

DECISION PACKAGE SUMMARY

The Economic Services Administration (ESA) requests funding and 37 FTEs in order to complete the final two phases of the Eligibility Service and Automated Client Eligibility System (ACES) Remediation (ESAR) development, and for maintenance and operation of the upgraded system. By funding this request, ESA is expected to continue modernization of legacy technology to ensure the systems comply with increasingly stringent data security requirements, improve operations, and meet new information technology (IT) standards.

PROBLEM STATEMENT

The Affordable Care Act (ACA) gave states the option to develop a state-based exchange for health care insurance purchasing or use the federal exchange. Washington elected to develop a state-based exchange. To comply with federal Center for Medicare and Medicaid Services (CMS) requirements for a state-based exchange, the existing eligibility system (ACES) has to be modified and enhanced. The effort to do this has three phases:

In Phase 1, a new eligibility service was designed and implemented to allow clients who are eligible for Medicaid based on their modified adjusted gross income (MAGI) to submit applications through the Health Benefit Exchange (HBE) Healthplanfinder software. Healthplanfinder and ACES share common data and clients and must work in synchronization so that ACES can fulfill its function as the “system of record” for all Medicaid recipients including those who now apply through Healthplanfinder. Phase 1 work included establishing these linkages as well as removing from ACES medical assistance forms now provided via Healthplanfinder. This phase of the ESAR project was completed on schedule to meet the October 1, 2013 deadline.

Phases 2 and 3 of the project will build on the success of Phase 1 and continue the work of modernizing ACES. The work completed during these two phases will improve operations through infrastructure changes that are consistent with new IT standards (including data security standards) and state and federal requirements.

An analysis of alternatives and determination of broad ESAR project requirements was completed in late 2011 and submitted to CMS as an Advanced Planning Document (APD). The APD was approved by CMS on April 6, 2012.

Without completion of the ESAR project, ACES faces a sharp increase in maintenance and operation costs as the availability of staff and contractors with the knowledge of legacy systems retire. In addition, without these final two phases, ACES would be increasingly out of sync with state and federal IT standards. Completing this work now will allow Washington to take advantage of temporarily enhanced federal cost-sharing rates.



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ESAR uses strategic methods in conjunction with agency-wide efforts to identify and implement enterprise-wide solutions to increase efficiency and reduce costs. As a part of ESAR Phase II and III, the modernization of the Document Management System (DMS) to an Enterprise Content Management (ECM) solution will be aligned with the DSHS agency-wide ECM effort and the state-wide OCIO ECM effort. The DSHS agency-wide effort will help determine high-level requirements and a set of ECM solutions. The ESAR Phase II and III ECM effort will also focus on identifying the business needs as well as determining the ongoing implementation and maintenance efforts for the Affordable Care Act in collaboration with HCA and HBE.

PROPOSED SOLUTION

ESAR Phases 2 and 3 will move eligibility rules for remaining medical programs and food and cash assistance programs from COBOL to a modern business rules management system (BRMS). The modern BRMS utilizes a Java-based rules engine. It will improve the efficiency of business rules maintenance and operation and software quality by integrating subject matter experts in all phases of system development. Expected outcomes include:

- **Improved Efficiency:** While system changes vary in complexity, improved efficiencies are expected with a reduction in the time to deliver routine changes.
- **Modernization:** An increase in the use of modern technologies more widely available in the marketplace.

Over time, these changes are expected to slow the rate of growth in the cost of operating, maintaining and continually upgrading a system used for a broadened scope of purposes. ACES/Eligibility Service is now the “system of record” for the expanding pool of Medicaid recipients, and it supports a number of cash and food assistance programs.

Functions carried out by state staff include:

- Business analysis – work with program and policy staff to define ESAR project requirements and design business rules (11 FTEs)
- Testing - develop and implement overall ESAR testing strategy, including setting testing criteria, conducting tests, reporting defects and retesting when defects are corrected (18 FTEs) and
- Customer support – responsible for communicating about ESAR system changes to 1,800+ affected staff and other stakeholders, including updating user manuals and training materials, and problem resolution (8 FTEs).

Functions carried out by contracted and vendor staff include:

- Project management
- Quality assurance,
- Independent verification and validation (IV&V)
- Architectural design (for application, web and business rules engine)
- Test planning and development



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- Development of code for mainframe, Java, rules engine, reporting, and letters management system
- Administration of Web, database and middleware
- Production control
- Implementation of policy requirements in business rules engine

CMS funding and current biennium state funding is sufficient to support the first step to Phases 2 and 3 called discovery, and this first step is underway. Through discovery, the scope, development approach and methodology, high-level requirements and conceptual design, work breakdown structure, schedule and budget will all be refined. At this point, it has been determined that Phases 2 and 3 can most efficiently be completed simultaneously rather than sequentially. The estimated completion date for the two phases is summer 2016, and costs beyond that time are for maintaining and operating the system.

CMS has indicated it will pay enhanced rates for work related to both remaining Medicaid rules and also to shared rules that apply to both Medicaid and also food and cash programs. The waiver to CMS rules that allows for federal participation rates above the standard is set to expire December 2015. Though states are advocating for an extension to allow the project to be completed with the higher participation rates, this request is based on current law and assumes that the enhanced rates expire at the end of Calendar Year 2015. Food and Nutrition Service (FNS) has reviewed the submission and is expected to cover 50 percent of the cost of work on rules related solely to basic food. As funding for Temporary Assistance for Needy Families (TANF) is lidded and committed elsewhere, work on rules related to TANF are expected to need to be paid entirely with GF-State funds.

Of the requested funding, \$6.9 million in each fiscal year is for system maintenance and operations and expected to be on-going. The remainder in each fiscal year is one-time system development costs. CMS federal funds are expected to cover 75 percent of the cost of maintaining and operating the Eligibility Service, with state funds covering the remaining 25 percent. The requested funding reflects the expected costs less the \$2.1 million already provided in agency carry forward level funding.

EXPECTED RESULTS

A modernized IT system for ESA program eligibility is the bedrock for enhanced efficiency, better customer service and reduced error rates. This decision package will support the following ESA Strategic Objectives:

Strategic Objective 5.1: The Basic Food payment accuracy rate will increase;

Strategic Objective 5.2: Application processing timeliness will meet or exceed Federal Standards of Promptness; and

Strategic Objective 5.3: The Community Services Division statewide Customer Service Contact Center forced-disconnect rate will be eliminated.

The decision package supports the Results Washington Goal 5 to ensure effective, efficient and accountable government, increase customer satisfaction, and increase on-time delivery for state services.



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If the Fiscal Year 2015 Supplemental budget request for ESAR Phases 2 and 3 is not funded, the project will be delayed and costs in Fiscal Year 2016 and Fiscal Year 2017 will increase accordingly. Presuming enhanced federal funding expires as currently scheduled on December 31, 2015, a delay will increase the GF-State share of total project costs.

STAKEHOLDER IMPACT

ESAR is being completed in close collaboration with the Health Care Authority and the Health Benefit Exchange.

A modernized ACES system is also a necessary building block for several of the recommendations of the Washington State Office of Financial Management Eligibility Study regarding eligibility system improvements.



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