



COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

July 1, 2013


MEMORANDUM

TO: Honorable Walter A. Stosch, Chairman
Senate Finance Committee

Honorable Lacey E. Putney, Chairman
House Appropriations Committee

Daniel S. Timberlake, Director
Department of Planning and Budget

THROUGH: Honorable William A. Hazel, Jr., MD
Secretary of Health and Human Resources

FROM: Margaret Ross Schultze, Commissioner 

SUBJECT: Semi-Annual Progress Report on Eligibility Systems Modernization

Item 345 E.1. of the 2012 Appropriation Act (Act) provides funding to the Department of Social Services to modernize its eligibility information systems. Item 345 E.2. of the Act directs the Department to provide a copy of the eligibility modernization contract to be provided within 30 days of contract award. The contract copy was provided under separate cover.

Item 345 E.3. of the Act requires a semi-annual progress report on our efforts. I am pleased to submit the Department of Social Services' second semi-annual report describing the progress made by the Department to modernize its eligibility systems. This report includes a general summary of the projects, implementation status, expenditures and upcoming milestones. If you have questions or need additional information concerning this report, please contact me.

MRS:dgw

Attachment

A report of the
Department of Social Services
Commonwealth of Virginia

**SEMI-ANNUAL PROGRESS REPORT
ON ELIGIBILITY SYSTEMS
MODERNIZATION**

July 2013

Preface

This report is submitted pursuant to 345 E. (3) of the 2012 Appropriation Act (Act):

E.1. Out of this appropriation, \$6,400,000 the first year and \$4,400,000 the second year from the general fund and \$44,500,000 the first year and \$8,200,000 the second year from nongeneral funds shall be provided to modernize eligibility determination systems in the Department of Social Services. If any additional funding is needed, the department shall complete modernization efforts within existing resources.

2. Within 30 days of awarding a contract related to the eligibility project, the Department of Social Services shall provide the Chairmen of House Appropriations and Senate Finance Committees, and Director, Department of Planning and Budget with a copy of the contract including costs.

3. Beginning July 1, 2012, the Department of Social Services shall also provide semi-annual progress reports that must include a current project summary, implementation status, accounting of project expenditures and future milestones. All reports shall be submitted to the Chairmen of House Appropriations and Senate Finance Committees, and Director, Department of Planning and Budget.

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Executive Summary

The Department of Social Services (DSS) entered into a contract with Deloitte Consulting, LLP to modernize the existing automated eligibility systems for all public assistance programs, beginning with the Medicaid program. As part of the federal Patient Protection and Affordable Care Act (PPACA), Medicaid customers must be allowed to file applications via mail, phone, web, fax, or in person. DSS has partnered with the Department of Medical Assistance Services (DMAS) to accommodate changes to the technology to support implementation of the new Medicaid requirements and eligibility determination using Modified Adjusted Gross Income (MAGI) rules.

The scope of the contract includes implementation of the changes to Medicaid to meet the PPACA requirements, replacement of the current legacy eligibility system Application Benefit Delivery Automation Project (ADAPT), automating Medicaid categories not currently in ADAPT, implementation of a statewide document management and imaging system, and conversion of current Families Access to Medical Insurance Security and Medicaid cases from ADAPT and the DMAS system, Child Health Administration Management Program System, into the new case management system, Virginia Case Management System.

Work on the eligibility modernization projects has begun, starting with a formal kick off held in December 2012. There are three projects for eligibility modernization: the MAGI project; Program Migration project; and a Conversion project. The MAGI project is the first project scheduled to be delivered. The timeframe for this project is December 2012 through October 2013. The timeframe for the Program Migration Project is February 2013 through December 2015. The timeframe for the Conversion project is March 2013 through March 2014.

The initial report (report mandate in Appendix A) issued in January 2013, included background information on the federal PPACA, described the requirements under the PPACA, and the three eligibility modernization projects. Because the contract with Deloitte Consulting, LLP was executed in December 2012, the initial report consisted mainly of background and preliminary project status information. The focus of this report is to provide the status of the three projects, as well as to document project expenditures to date. Currently, all three projects are active and following their prescribed schedules.

The first of the three projects, the MAGI project, is in the execution and control phase. Business requirements have been captured, design specifications documented and development is well underway. The MAGI project has had one change order, to accommodate interfaces with the legacy Medicaid Management Information System, but is progressing. The MAGI project teams, both business and technical, are currently working through information technology infrastructure and application integration challenges, anticipating successful resolution to meet the October 2013 implementation date.

As part of the oversight provided by the federal Centers for Medicare and Medicaid Services, states must pass a series of technical readiness reviews, called Gate Reviews. Interfacing with the federal components of PPACA is a requirement. Other federally defined test

criteria and success measures must be met prior to a formal end-to-end test of functional readiness that will be scheduled for August 2013.

Total expenditures through April 2013 include salaries for the DSS staff and the procurement of hardware/software tools for the MAGI project. These expenditures total \$8,355,299. To date, payments of \$3,051,848 have been made to Deloitte Consulting, LLP. Over \$3,700,000 has been spent on hardware and software products, with the balance of expenditures being for administrative costs such as staff and training.

Semi-Annual Progress Report on Eligibility Systems Modernization

Background

On December 19, 2012, the Department of Social Services (DSS) entered into a contract with Deloitte Consulting, LLP to modernize existing automated eligibility systems for public assistance programs, beginning with the Medicaid program. The scope of the contract includes implementation of the changes to Medicaid to meet the federal Patient Protection and Affordable Care Act (PPACA) requirements, replacement of the current Application Benefit Delivery Automation Project (ADAPT) eligibility system, automating Medicaid categories not currently in ADAPT, implementing a statewide document management and imaging system, and conversion of current Families Access to Medical Insurance Security and Medicaid (FAMIS) and Medicaid cases from ADAPT and the Department of Medical Assistance (DMAS) system, Child Health Administration Management Program System (CHAMPS). Under PPACA, Medicaid customers must be allowed to file applications via mail, phone, web, fax, or in person; there are new rules for calculation of household income, eligibility determination and household composition. DSS has partnered with DMAS to accommodate changes to technology to support implementation of the new Medicaid requirements and eligibility determination using Modified Adjusted Gross Income (MAGI) rules.

Prior to PPACA, the DSS used American Recovery and Reinvestment Act (ARRA) funds to invest in a Child Care program information technology (IT) solution for eligibility determination, case management, vendor management and financial management system. The Child Care solution, called the Virginia Case Management System (VaCMS), was implemented in 2011. The DSS then expanded the VaCMS to allow other public assistance customers to submit online applications for the Supplemental Nutrition Assistance Program (SNAP), for Temporary Assistance for Needy Families (TANF), Medicaid and Low-Income Home Energy Assistance (LIHEAP) through a portal, called CommonHelp.

In the summer of 2012, the CommonHelp portal was implemented statewide. CommonHelp provides customers with self-directed services through the portal without the necessity for worker intervention. Customers can screen for potential benefit eligibility, apply for assistance, report household circumstance changes, check their benefit status through an on-line account, and complete and submit renewals for benefits. The core VaCMS solution and the online CommonHelp portal are the critical automation investments that are being leveraged for implementation of the federal PPACA.

Significant funding has been committed for modernization of the current eligibility system. The 2012 General Assembly approved funding for the DSS to invest in a replacement eligibility system for all public assistance programs, a document management and imaging system and infrastructure necessary to meet modernization and interoperability standards. Federal and state partners approved the DSS approach, and the requests to plan, manage and implement the IT efforts to support PPACA.

The DSS has established a dedicated program office, the Enterprise Delivery System Program Office, (EDSPO) to manage the projects and administer the contract. In addition to project management, the EDSPO is responsible for actively working with the Administration for Children and Families and the Food and Nutrition Services as federal partners, the electronic Health and Human Resources (eHHR) program office established by the Secretary of Health and Human Resources (HHR) that coordinates and collaborates IT efforts among the HHR agencies, DMAS as the single state Medicaid agency and a primary state stakeholder, as well as the Virginia Information Technologies Agency (VITA), which has project oversight responsibilities.

Within the eligibility modernization efforts, there are three distinct projects: the MAGI project; Program Migration project; and a Conversion project. The MAGI project is the first project to be delivered. It has a very compressed schedule and defined scope. The timeframe for this project is December 2012 through October 2013. The timeframe for the Program Migration Project is February 2013 through December 2015. The timeframe for the Conversion project is March 2013 through March 2014.

MAGI Project

The MAGI project is the first project scheduled to be implemented to meet requirements for PPACA. MAGI is a new methodology for how income is considered and how household composition and family size are determined. Under PPACA, Medicaid eligibility requires use of MAGI rules, and will replace most of the current Families and Children's Medicaid category for financial eligibility determination.

The MAGI project has a compressed schedule with a defined scope because of the significant Medicaid eligibility reforms required by the PPACA. In addition to the change in income eligibility, there are required changes to the application and eligibility processes to support streamlined real-time eligibility determinations that can be filed by mail, phone, web, fax, or in person. The scheduled timeframe for the MAGI project is December 2012 through October 2013.

The MAGI project is currently in the development phase. Business requirements have been captured, design specifications documented and development is well underway. The MAGI project has had one change order, to accommodate a revised approach to interfaces with the legacy Medicaid Management Information System (MMIS), but the implementation schedule has not been impacted. The MAGI project teams, both business and technical, are also working through IT infrastructure and application integration challenges, anticipating successful resolution to meet the October 2013 implementation date.

As part of the oversight provided by the federal Centers for Medicare and Medicaid Services (CMS), states must pass a series of technical readiness reviews, called Gate Reviews. Interfacing with the federal components of PPACA is also a requirement. Virginia will participate in the Wave 3 testing cycle with the Federal Exchange Program. Other federally defined test criteria and success measures must be met prior to a formal end-to-end test of functional readiness that will be scheduled for August 2013. States, including Virginia,

participate in frequent conference calls with the CMS partners to define, understand and schedule the federal readiness reviews.

The following is a listing of the primary milestones and dates for the MAGI project:

Project Milestone	Planned Start Date	Planned End Date
Project Planning and Management	Dec 20, 2012	Dec 31, 2013
Requirements / Design Phase	Dec 20, 2012	Jun14, 2013
Development / Customization	Mar 1, 2013	Jun 30, 2013
System Integration Testing	Jul 1, 2013	Jul 30, 2013
CMS Operational Readiness Gate Review	Aug 1, 2013	Aug 30, 2013
User Acceptance Testing	Aug 1, 2013	Sep 30, 2013
Training Phase	Sep 9, 2013	Sep 30, 2013
Statewide Deployment	Oct 1, 2013	Oct 1, 2013

Program Migration Project

The Program Migration project consists of a replacement for the ADAPT and the LIHEAP systems, as well as the inclusion of the final Medicaid category of Aged Blind Disabled/Long Term Care (ABD/LTC). This project also includes a statewide document management and imaging solution.

The projected timeframe for the Program Migration project is February 2013 through December 2015. Implementation of the functionality contained in the Program Migration project will occur first as a pilot; then be implemented across the state in sequential “waves” based on localities within defined regions.

The Program Migration project officially began February 18, 2013. Currently in the detailed planning phase, the Program Migration project teams have been finalizing the project schedule, conducting business requirement sessions, and working to ensure that delivery of the needed infrastructure occurs timely. The Program Migration project is progressing on schedule and on budget.

The following is a listing of the primary milestones and dates for the Program Migration project:

Project Milestone	Planned Start Date	Planned End Date
Requirements / Design Phase	02/01/2013	08/31/2013
Development / Customization	09/01/2013	04/30/2014

System Integration Testing	05/01/2014	10/31/2014
User Acceptance Testing	11/01/2014	04/30/2015
Training	04/01/2015	08/30/2015
Pilot Implementation (1 Region)	05/01/2015	07/31/2015
Wave 1 Implementation (2 Regions)	08/01/2015	09/30/2015
Wave 2 Implementation (2 Regions)	10/01/2015	12/01/2015
Deployment	08/01/2015	12/31/2015

Conversion Project

The Conversion project will focus on converting the data in the ADAPT legacy system and the DMAS CHAMPS legacy system for the Families & Children's Medicaid, Children's Health Insurance Program, and FAMIS categories into VaCMS. The CMS federal requirement stipulates that these eligible ongoing Medicaid categories must be evaluated against the new MAGI Medicaid rules beginning in April 2014. The Conversion project will move existing cases into VaCMS, and eligibility determination will be performed by the external rules engine implemented through the MAGI project. Conversion will occur on a month by month basis until all the cases have been assessed against the new rules and moved into VaCMS.

The timeframe for the Conversion project is March 2013 through March 2014. The Conversion project received approval from VITA the end of April 2013. Currently in the detailed planning phase, the Conversion project is mapping data elements from the legacy systems to VaCMS, working to ensure the specifications for extracts from the legacy systems are documented, and discussing the schedule for converting cases. The Conversion project is progressing on schedule and on budget.

The following is a listing of the primary milestones and dates for the Conversion project:

Project Milestone	Planned Start Date	Planned End Date
Requirements / Design (Elaboration)	03/01/2013	06/30/2013
Development / Customization	07/01/2013	10/31/2012
System Integration Testing	11/01/2013	12/31/2013
User Acceptance Testing	01/02/2014	03/31/2014
Statewide deployment	03/31/2014	03/31/2014

Expenditures

Significant funding has been committed for modernization of the current eligibility system. The 2012 General Assembly approved funding for the DSS to invest in a replacement eligibility system for all public assistance programs, a document management and imaging system, and infrastructure necessary to meet modernization and interoperability standards. Federal and state partners approved the DSS approach, and the requests to plan, manage and implement the IT efforts to support PPACA.

Total expenditures through April 2013 include payments to Deloitte Consulting, LLP, salaries for the DSS staff, and procurement of hardware/software tools for the MAGI project. The total expenditures for the three projects are \$8,355,299. Payments of \$3,051,848 have been made to Deloitte Consulting, LLP. A little over \$3,700,000 has been spent on hardware and software products, with the balance of expenditures being for costs such as DSS staff, and training and travel for local department of social services employees who participate on the project teams.

The following is a chart of expenditures for State Fiscal Year 2013 (through April) for all three projects:

	State Fiscal Year 2013 Expense
VDSS Internal Staff	1,468,608
Services	3,051,848
Software Tools	3,741,122
Hardware	2,409
Maintenance	-
Facilities	-
Telecommunications	-
Training	4,494
Contingency	-
Other 1 (Admin Expenditures. such as supplies, etc.)	69,574
Other 2 (Travel reimbursements for local DSS employees)	17,244
TOTAL EXPENDITURES	\$ 8,355,299

Conclusion

There are three projects associated with the eligibility modernization. Work on all three of the projects has begun, starting with a formal kick off held on December 21, 2012. The MAGI project is currently in the development phase. The Program Migration and Conversion projects are in the detailed planning phase. Currently, all three projects are progressing on schedule and within budget.

As part of the oversight provided by the federal CMS, states must pass a series of technical readiness reviews, called Gate Reviews. Federally defined test criteria and success measures must be met prior to a formal end-to-end test of functional readiness that will be scheduled for August 2013 for the MAGI project.

Significant funding has been committed for modernization of the current eligibility and enrollment systems. Total expenditures through April 2013 include payments to Deloitte Consulting, LLP, salaries for the DSS staff and procurement of hardware/software tools for the MAGI project. Current expenditures for the three projects total \$8,355,299.

Appendix A

Report Mandate

Item 345 E. of the 2012 Appropriation Act

E.1. Out of this appropriation, \$6,400,000 the first year and \$4,400,000 the second year from the general fund and \$44,500,000 the first year and \$8,200,000 the second year from nongeneral funds shall be provided to modernize eligibility determination systems in the Department of Social Services. If any additional funding is needed, the department shall complete modernization efforts within existing resources.

2. Within 30 days of awarding a contract related to the eligibility project, the Department of Social Services shall provide the Chairmen of House Appropriations and Senate Finance Committees, and Director, Department of Planning and Budget with a copy of the contract including costs.

3. Beginning July 1, 2012, the Department of Social Services shall also provide semi-annual progress reports that must include a current project summary, implementation status, accounting of project expenditures and future milestones. All reports shall be submitted to the Chairmen of House Appropriations and Senate Finance Committees, and Director, Department of Planning and Budget.