



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF SOCIAL SERVICES

January 25, 2013

### MEMORANDUM

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

The 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, Acting Commissioner  
Department of Social Services

**SUBJECT:** Semi-Annual Progress Report on Eligibility Systems Modernization

A handwritten signature in black ink, appearing to read "Margaret Ross Schultze".

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 has been 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' first 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

A report of the  
Department of Social Services  
Commonwealth of Virginia

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

January 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 existing automated eligibility systems for the Public Assistance programs, beginning with the Medicaid program. Medicaid customers must be allowed to file applications via mail, phone, web, fax, or in person. DSS 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.

Within this effort, there is also an opportunity to replace the aging technology used by the other public assistance programs. The current automated eligibility system for the benefit programs of SNAP (Supplemental Nutrition Assistance Program), TANF (Temporary Assistance for Needy Families) and Medicaid, is ADAPT (Application Benefit Delivery Automation Project). ADAPT is built in the aging technology MAPPER (Maintaining and Preparing/Producing Executive Reports). It contains over 10,000 automated rules. Although program changes mandated by either federal or state legislation require adjustments to ADAPT, the MAPPER technology is difficult to program. Through the contract with Deloitte, modifications to application and eligibility determination processes that support streamlined real-time eligibility will benefit all of the public assistance programs. To streamline processes, enable eligibility determination and enroll customers in as near real-time as possible, the ADAPT eligibility system will be replaced.

A Request for Proposals (RFP) was issued late May 2012, and closed July 31, 2012. Because the DSS was in the initial stages of the procurement process in July, no report was issued in July 2012. As the procurement process proceeded, a dedicated program office within DSS, the Enterprise Delivery System Program Office (EDSPO), was established late summer of 2012 to plan, manage and monitor the projects. Staffing for the office was accomplished through reassignment of existing DSS staff. Activities prior to the December signing of the contract consisted of staffing the EDSPO, participating in pre-planning sessions and completing required federal and state documentation.

On December 19, 2012, a contract with Deloitte Consulting, LLP (Deloitte) was signed. The scope of the contract includes implementation of the changes to Medicaid to meet the PPACA requirements, replacement of the current ADAPT eligibility system, automating of Medicaid categories not currently in ADAPT, a statewide document management and imaging system, and conversion of current FAMIS and Medicaid cases from ADAPT and the DMAS system, CHAMPS. Work on the projects has begun, starting with a formal kick off held on December 21, 2012. There are three distinct projects for eligibility modernization: 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.

The focus of this initial report is to provide background for the three projects, and to provide detail about the first project, which is the MAGI project. The MAGI project is in the initial stages of planning, making progress and is due to be completed in October 2013. Project team members participating in the MAGI project are currently working with the vendor to finalize schedules, define dependencies and document detailed business and technical requirements.

Significant funding has been committed for modernization of the current eligibility and enrollment systems. The dedicated program office within DSS will manage and monitor the projects, with additional oversight performed by the eHHR (electronic Health and Human Resources) program office, established by the Secretary of Health and Human Resources (HHR) to coordinate IT efforts among the HHR agencies, as well as the Virginia Information Technologies Agency (VITA).

Project expenditures to date include salaries for the DSS staff and the procurement of hardware/software tools for the MAGI project. These expenditures total \$756,019. To date, no payments have been made to Deloitte. Future reports will include additional detail regarding contract payments and deliverables for each project.

## **Semi-Annual Progress Report on Eligibility Systems Modernization**

### **Background**

The recession that began in 2008 dramatically increased the need for public services. Last year, over 2.3 million applications for Medicaid and SNAP services were processed. As with most states, Virginia has made modifications to eligibility systems as funding became available. However, scarce funding and federal constraints on allocation of costs for Information Technology (IT) projects have limited replacement IT projects. This has led to a number of legacy systems that do not interoperate effectively.

While new funding for IT projects has been limited, the American Recovery and Reinvestment Act (ARRA) included funds for the Child Care and Development Block Grant (CCDBG) that could be used for IT. Virginia used these ARRA funds to invest in a Child Care program IT solution, whose basis is a complete eligibility determination, case management, vendor management and financial management system. The Child Care solution, Virginia Case Management System (VaCMS), was implemented in 2011. The DSS then expanded the VaCMS to allow customers to submit online applications for SNAP (Supplemental Nutrition Assistance Program), TANF (Temporary Assistance for Needy Families), Medicaid and LIHEAP (Low-Income Home Energy Assistance).

In the summer of 2012, the CommonHelp portal project 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 expansion of online application and renewal services available to customers for the SNAP, TANF, LIHEAP and current Medicaid programs is a critical automation component that addresses part of the needed processes for the federal Patient Protection and Affordable Care Act (PPACA).

The current automated eligibility and case management system for the benefit programs of SNAP, TANF and Medicaid, called ADAPT (Application Benefit Delivery Automation Project), is built in an aging technology, MAPPER (Maintaining and Preparing/Producing Executive Reports). It contains over 10,000 automated rules. Although program changes mandated by either federal or state legislation require adjustments to ADAPT, the MAPPER technology is difficult to program. Thus, the current delivery model of services and benefits is highly dependent upon paper and manual processes, limited data sharing and aging technology. The LIHEAP automated system is also built in MAPPER technology.

As Virginia planned for implementation of the federal requirements for the PPACA, the federal administration ruled that states could utilize a 90% federal administrative funding match through the Medicaid program to fund infrastructure and eligibility systems to implement PPACA. The Department of Social Services (DSS) proposed utilizing and leveraging the IT investment already made for the Child Care program to expand the VaCMS to include Medicaid and other public assistance programs. The 2012 General Assembly approved funding for the DSS to invest in a replacement eligibility system for all public 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.

A Request for Proposals (RFP) was issued in May 2012. The requirements in the RFP included expansion of CommonHelp, replacement of ADAPT, a document management and imaging solution, modernization of VaCMS to include case management for all public assistance programs, and the required federal and state system interfaces to the components of PPACA. Final federal approval of the documented technology approach and the contract as proposed was received on December 18, 2012. On December 19, 2012, DSS signed a contract with Deloitte Consulting, LLP as the primary vendor. To accomplish the deliverables of the contract, the eligibility modernization work effort is divided into three IT projects that are interdependent: the MAGI (Modified Adjusted Gross Income) project; the Program Migration project; and the Conversion project.

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 eHHR (electronic Health and Human Resources) program office established by the Secretary of Health and Human Resources (HHR) that coordinates and collaborates IT efforts among the HHR agencies, Department of Medical Assistance Services (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. Existing DSS staff who have project implementation experience and who are program subject matter experts were transferred into EDSPO from other areas of the DSS. To date, no new hires have occurred.

### **MAGI Project**

The MAGI project is the first project scheduled to be delivered to implement requirements for PPACA. MAGI is a new methodology for how income is counted 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 Family 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. DSS intends to leverage the external rules engine (iLOG) hardware and software procured by the Department of Medical Assistance Services (DMAS) as part of the enterprise infrastructure that will support Virginia's implementation of health care reform.

The MAGI project will enhance the CommonHelp functionality by taking the on-line application that has been submitted by the customer and automatically route it to VaCMS where a pre-populated case record is established in a data collection module. Interfaces (web services)



will then be used to obtain on-line real-time verifications from Federal sources such as the Internal Revenue Service and the Social Security Administration, and other state systems such as the Virginia Employment Commission (VEC). As these verifications are received, the information will automatically update the electronic case record in VaCMS. The external rules engine would then be invoked and eligibility for Medicaid determined based on MAGI.

The timeframe for completion of the MAGI project is December 2012 through October 2013. The following identifies the primary deliverable functionality included in the MAGI project:

- A single Medicaid case management system for MAGI Medicaid and the FAMIS categories by modifying VaCMS to accept new MAGI Medicaid applications
- Automated Medicaid eligibility rules with an external rules engine to include automatic real-time Medicaid enrollment
- A customer ID through interfaces with the DMV Commonwealth Authentication Service (CAS) project and the VITA/MITA Enterprise Data Management (EDM) project
- CommonHelp portal enhancements to include access to state and federal verification systems real-time
- CommonHelp portal enhancements to use the external rules engine for simplified MAGI Medicaid eligibility determination to include automated Medicaid enrollment
- The ability to accept applications telephonically from Medicaid customers
- Creation of the framework for Document Management and Imaging Solution (DMIS) with the ability to upload documents

Each IT project goes through several stages of system development lifecycle, with milestones attached to the completion of those stages. The initial stage of the project includes documenting all business and technical requirements to accomplish modifications to VaCMS, including required and desired interfaces with other state and federal systems the development phase will be when the vendor (Deloitte) makes the actual code changes to the existing VaCMS. Then, technical testing of the customized system will occur. After the technology has been tested to ensure all connections and modifications work, there will be a team of program subject matter experts (users) who will test real-world case scenarios to ensure the system functions in compliance with the documented requirements. Finally, there will be both computer-based and classroom training for local departments of social services and DMAS staff, those who will actually use the new system. The final milestone signals that the scope of the MAGI project will be complete when the system is successfully deployed to production.

Upcoming major milestone phases and dates for the MAGI project include:

Requirements (Inception) / Design (Elaboration) Phase	12/21/2012	03/15/2013
Development / Customization (Construction) Phase	02/01/2013	06/30/2013
System Integration Testing	07/01/2013	07/31/2013
User Acceptance Testing	07/01/2013	09/30/2013
Training Phase	09/09/2013	09/30/2013
Statewide Deployment	10/1/2013	10/1/2013

### **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 involves use of the external iLOG rules engine. All program rules will be incorporated into iLOG with the outcome of eligibility determination, authorization, and case management within the single VaCMS solution.

The Program Migration project may anticipate minor changes to the CommonHelp portal to accommodate VaCMS changes, but all interfaces currently being performed by the legacy systems will be included and must be performed by the single case management system through web services and Enterprise Service Bus (ESB) technology. Work efforts will be performed to sunset the ADAPT and LIHEAP legacy systems as programs are converted to VaCMS.

A state-wide document management and imaging solution (DMIS) is another deliverable of this project. Throughout the Virginia Social Service Systems (VSSS), vast amounts of information reside in a variety of paper-based files and disconnected information management systems. Although some local departments of social services possess the ability to transform paper-based information into electronic data forms (images), they are limited by the inability to share this information across all DSS local and state agencies. Currently, the exchange of information between localities involves printing case information and sending it to the receiving agency. A statewide electronic documentation system and process will allow search, retrieval, and sharing of electronic records among local departments of social services and DSS, as well as approved partner agencies. The use of a standardized document management and imaging approach will ensure consistency throughout the enterprise.

The timeframe for completion of 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 implementing across the state in sequential "waves" based on localities within defined regions. The following identifies the primary deliverable functionality included in the Program Migration project:

- Implementation of a single case management system for SNAP, TANF, LIHEAP, and the remaining Medicaid categories by modifying VaCMS and performing data conversion from the ADAPT and LIHEAP legacy systems
- Automated program rules into an automated real-time external eligibility rules engine through VaCMS
- A statewide document management imaging solution
- Implementation of all required interfaces through web services
- Sunset of the ADAPT legacy system
- Sunset of the LIHEAP legacy system

Upcoming major milestone phases and dates for the Program Migration project include:

Requirements (Inception) / Design (Elaboration) Phase	02/01/2013	08/31/2013
Development (Construction) / 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 its efforts on converting the data in the ADAPT legacy system and the DMAS CHAMPS (Child Health Administration Management Program System) legacy system for the Families & Children's Medicaid, Children's Health Insurance Program (CHIP), and FAMIS (Family Access to Medical Insurance Security) categories into VaCMS. The CMS federal requirement stipulates for these eligible ongoing Medicaid categories (starting April 2014) at the time of their renewal process, continued eligibility must be evaluated against the new MAGI Medicaid rules. This conversion project will move those existing cases into VaCMS, and eligibility determination will be performed by the external rules engine implemented in the Eligibility Modernization MAGI project. Conversion will be performed on a month by month schedule (based on the Medicaid renewal date) until all cases for these categories have been converted from these two legacy systems. The Conversion project functionality will result in the elimination of multiple Medicaid case management systems and

use of a single case management system, improving the use of technology for efficient case management and increase consistency due to data consolidation.

The timeframe for completion of the Conversion project is March 2013 through March 2014. The following list identifies the primary deliverable functionality included in the Conversion project:

- Data conversion from ADAPT and DMAS CHAMPS legacy systems for the Families & Children’s Medicaid and FAMIS categories into VaCMS
- Discontinued use of the ADAPT system for the Medicaid program in its entirety
- Sunset of the CHAMPS legacy system

Requirements (Inception) / Design (Elaboration)	03/01/2013	06/30/2013
Development (Construction) / 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

### Conclusion

On December 19, 2012, a contract with Deloitte Consulting, LLP was signed to implement the scope of the requirements for the changes to Medicaid to meet the PPACA, replacement of the current ADAPT eligibility system, a statewide document management and imaging system, and conversion of current FAMIS and Medicaid cases from ADAPT and the DMAS system, CHAMPS. Work on the projects has begun, starting with a formal kick off held on December 21, 2012. There are three distinct projects: the MAGI (Modified Adjusted Gross Income) project; Program Migration project; and a Conversion project. The MAGI project is the first project to be delivered. It has a compressed schedule and defined scope, with a timeframe from December 2012 through October 2013.

Significant funding has been committed for modernization of the current eligibility and enrollment systems. A dedicated program office within DSS will manage and monitor the projects, with additional oversight performed by the Office of the Secretary of Health and Human Resources, as well as the Virginia Information Technologies Agency (VITA).

The focus of this initial report provides background for the three projects, and detail about the MAGI project. Future reports will include additional detail regarding contract payments and deliverables for each project.

## **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.