



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Margaret Ross Schultze
COMMISSIONER

July 1, 2015

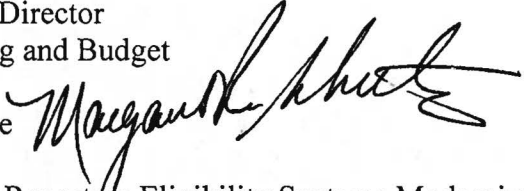
MEMORANDUM

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

The Honorable Charles J. Colgan, Co-Chairman
Senate Finance Committee

The Honorable S. Chris Jones, Chairman
House Appropriations Committee

Daniel S. Timberlake, Director
Department of Planning and Budget

FROM: Margaret Ross Schultze 

SUBJECT: Semi-Annual Progress Report on Eligibility Systems Modernization

Item 343 (E) (1) of the 2015 Appropriation Act (Act) provides funding to the Department of Social Services to modernize its eligibility information systems. Item 343 (E) (3) of the Act requires a semi-annual progress report on our efforts. I am pleased to submit the Department of Social Services' 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 contract modifications. 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 2015

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Semi-Annual Progress Report on Eligibility Systems Modernization

July 2015

Executive Summary

In December 2012, 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. DSS partnered with the Department of Medical Assistance Services (DMAS) to accommodate changes in technology to support implementation of new Medicaid requirements and eligibility determination.

The scope of the contract includes implementation of the changes to Medicaid to meet federal Patient Protection and Affordable Care Act requirements, replace the current legacy eligibility system Application Benefit Delivery Automation Project (ADAPT), automate Medicaid categories not currently in ADAPT, implement a statewide document management and imaging system, and convert current Medicaid-related cases from ADAPT and the DMAS system into the new case management system, the Virginia Case Management System (VaCMS). There were three projects for eligibility modernization: MAGI (Modified Adjusted Gross Income); Program Migration; and Conversion.

The MAGI project was implemented on October 1, 2013. In the first year VaCMS was implemented, local departments of social services experienced a 43% increase in MAGI Medicaid applications. MAGI Medicaid is fully implemented and certified by the federal Centers for Medicare and Medicaid (CMS), and VaCMS has been used to process almost 500,000 applications in the past nineteen months. The experience in the Commonwealth with the new system and the increased volume of applications in the first year of MAGI implementation challenged the ability of local department of social services staff to process applications and renewals timely.

Work on the eligibility modernization projects continues. Project teams from DSS and DMAS identified a number of system changes to enhance service delivery. In addition, CMS required changes to the online portal for Medicaid to make it more Medicaid-centric and dynamic in function. As a result of implementing these changes, implementation of the final Medicaid categories and requirements is planned for August 2015.

The Program Migration Project is now being implemented in two phases, with the first phase focusing on statewide implementation of the balance of the Medicaid program, central printing, and document management and imaging. The Department of Agriculture Food and Nutrition Service (FNS) issued requirements that SNAP technology changes be implemented through a pilot process. Currently, this phase of the Program Migration project is in planning, and will require FNS approval. The goal is to perform the pilot functions in the summer of 2016, with all public assistance programs fully implemented in VaCMS by December 2016.

The majority of the contract costs are eligible for 90/10 federal funding. Total expenditures through March 2015 include payments to Deloitte Consulting, LLP, salaries for the DSS staff, and procurement of hardware/software tools for the MAGI project. Expenditures for the three projects total \$86,097,932 (\$73,174,002 NGF and \$12,923,930 GF). Payments of \$62,000,869 have been made to Deloitte Consulting, LLP. Hardware and software products spending totals \$11,652,267, 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.

**Semi-Annual Progress Report on
Eligibility Systems Modernization
July 2015**

Report Mandate

Item 343 (E) of the 2015 Appropriation Act:

E.1. Out of this appropriation, \$4,100,000 the first year and ~~\$1,900,000~~ \$5,005,061 the second year from the general fund and ~~\$14,200,000~~ \$50,727,496 the first year and ~~\$5,901,837~~ \$10,172,218 the second year from nongeneral funds shall be provided to complete the base contract to modernize the 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.

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 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 Medicaid-related cases from ADAPT into the new eligibility system. Under PPACA, Medicaid customers must be allowed to file applications via mail, phone, web, fax, or in person. There were new rules for calculation of household income, eligibility determination and household composition. The DSS partnered with DMAS to accommodate changes in technology to support implementation of the new Medicaid requirements and eligibility determination using Modified Adjusted Gross Income (MAGI) rules.

Prior to PPACA, DSS used American Recovery and Reinvestment Act (ARRA) funds to invest in a child care information technology (IT) solution for eligibility determination, case management, vendor management and financial management. The child care solution, the Virginia Case Management System (VaCMS), was implemented in 2011. The DSS expanded the VaCMS to

allow other public assistance customers to submit online applications for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Medicaid and Low-Income Home Energy Assistance (LIHEAP) through a portal called CommonHelp.

In the summer of 2012, CommonHelp 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 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 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 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 (FNS) 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 HHR agencies, DMAS as the single state Medicaid agency and a primary state stakeholder, as well as the Virginia Information Technologies Agency. Within the eligibility modernization efforts, there were three distinct projects: MAGI, Conversion and Program Migration.

MAGI Project

The MAGI project had a compressed schedule, nine months from the time of contract signature in mid-December 2012 to implementation on October 1, 2013. In addition to changes in income eligibility, there were changes to the application and eligibility processes to support eligibility determination for applications filed by mail, phone, web, fax, or in person. The MAGI project had a tightly defined scope with significant Medicaid eligibility policy reforms that included the ability to accept applications telephonically using the case management system. These reforms required changes to the core automated solution, use of the new Commonwealth Authentication Services tool as a secure front end to the portal, interfaces with the federal services hub, and the current Medicaid enrollment system at DMAS.

Prior to implementation, DSS, DMAS and eHHR staff provided documentation and participated in two formal technical readiness reviews, called Gate reviews, required by the federal Centers for Medicare and Medicaid Services (CMS). As a part of the reviews, Virginia tested interfaces with the federal services or "hub," to send applications to the federal marketplace. Other federally

defined test criteria and success measures were met prior to the formal "Operational Readiness Review" that occurred in September 2013. The Commonwealth received authority to implement the new MAGI automation on October 1, 2013.

The MAGI project was completed and closed out June 30, 2014. Within the year of implementation, local departments experienced a 43% increase in Medicaid applications. In the first nineteen months of implementation, the VaCMS has been used to process almost 500,000 MAGI Medicaid applications.

Conversion Project

The Conversion project focused on converting data in the ADAPT and CHAMPS legacy systems for the Families & Children's Medicaid, and FAMIS categories into VaCMS. The CMS federal requirement stipulated that eligible ongoing Medicaid categories had to be evaluated against the new MAGI Medicaid rules beginning April 2014. The first month of converted data occurred in March 2014, with the final conversion occurring on October 31, 2014. The Conversion project is now closed.

Program Migration Project

The Program Migration project consists of a replacement for the ADAPT and the LIHEAP systems, as well as inclusion of the final Medicaid categories of Aged, Blind Disabled and Long Term Care and functionality for appeals.

Once MAGI Medicaid was implemented, project teams from DSS and DMAS identified a number of changes that could be made to the system to enhance service delivery. In addition, CMS required changes to the online portal for Medicaid to make it more Medicaid-centric and dynamic in function. These changes were implemented in March 2015 as part of the Migration project. In addition, the efficiencies and workflow changes allow Medicaid-only applications to be processed by DMAS contract workers. Multi-benefit applications, applications that include Medicaid and at least one other public assistance program, (such as SNAP) are still processed by local department of social services staff. As a result of making these changes, implementation of the final Medicaid categories and requirements are planned for August 2015.

The Program Migration project is now being implemented in two phases, with the first phase focusing on statewide implementation of the balance of the Medicaid program, central printing, and document management and imaging. The federal FNS issued requirements that SNAP technology changes be implemented through a pilot process. To accomplish this, the second part of the Program Migration project will include a phased implementation of SNAP, TANF, VIEW, LIHEAP and appeals functionality. Currently, this phase of the Program Migration project is in the planning stage, and will require FNS approval. The goal is to perform the pilot functions in the summer of 2016, with all public assistance programs fully implemented in VaCMS by December 2016.

Expenditures

Significant funding has been committed for modernization of the Commonwealth's current eligibility system. The 2012 General Assembly approved funding for 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 requests to plan, manage and implement the IT efforts to support PPACA.

Total expenditures include payments to Deloitte Consulting, LLP, salaries for DSS staff, and procurement of hardware/software tools. Through March 2015, total expenditures for the three projects are \$86,097,932 (\$73,174,002 NGF and \$12,923,930 GF). Payments of \$62,000,869 have been made to Deloitte Consulting, LLP. A little over \$11,650,000 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.

Following is a chart of total expenditures for December 2012 through March 2015 for the three projects:

Category of Expenditure	Total Expenditures (Federal/State)
VDSS Internal Staff	8,889,756
Services	62,000,869
Software Tools	8,768,276
Hardware	2,883,991
Maintenance	-
Facilities	-
Telecommunications	-
Training	65,377
Contingency	-
Other 1 (Administrative expenditures such as supplies, office equipment, etc.)	3,240,226
Other 2 (Travel reimbursement for local DSS employees)	249,437
TOTAL EXPENDITURES	\$86,097,932

Contract Modifications

During the course of implementing the MAGI project and beginning work on the Program Migration and Conversion, it became necessary to make modifications to the original contract signed in December 2012. Through October 2014, there have been eight separate contract modifications. Information related to each of the modifications is outlined below:

#1	Medicaid Management Information System Interface	\$ 997,486
#2	Managed Care Organization Requirements	\$ 587,486
#3	Enhanced Functionality of the Cover Virginia Call Center	\$3,949,365
#4	Project Schedule Modification for the Program Migration Project	\$7,006,670
#5	Additional Worker Training and Field Support	\$ 800,910
#6	Additional Worker Training and Field Support	\$1,585,606
#7	Program Migration Removal of Deliverables	(\$896,502)
#8	Service Delivery Efficiencies and Workflow Changes	\$15,530,378

These modifications were necessary, as all required information and system functionality was not known at the time the original contract was awarded. In fact, information from the federal government related to the PPACA continues to be provided. As a result of the changing PPACA status and subsequent system requirements changes, it is anticipated that additional contract modifications will be required moving forward.

Conclusion

There were three projects associated with the eligibility modernization. Two of the projects have been completed. The MAGI project was implemented on October 1, 2013, with a closeout date of June 30, 2014. The Conversion project began implementation in March 2014, and was closed out as of October 31, 2014. To accommodate FNS requirements, the Program Migration project schedule was revised to extend to December 2016, with two defined phases of implementation, one of which will be pilot implementation of SNAP.

Significant funding has been committed for modernization of the current eligibility and enrollment systems. Total expenditures through March 2015 include payments to Deloitte Consulting, LLP, salaries for the DSS staff and procurement of hardware/software tools for the projects. Current expenditures for the three projects total \$86,097,932 (\$73,174,002 NGF and \$12,923,930 GF).