

Women, Infants, and Children Payment System**FY2006 Request: \$600,000**
Reference No: 39954

AP/AL: Appropriation
Category: Health/Human Services
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2005 - 06/30/2010

Project Type: Information Systems
Contact: Larry J. Streuber
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Brief Summary and Statement of Need:

Replace the Women, Infants, and Children (WIC) computer system with a web-based system. Build capacity for WIC to transition to Electronic Benefit Transfer System.

Funding:	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>Total</u>
Fed Rcpts	\$600,000						\$600,000
Total:	\$600,000	\$0	\$0	\$0	\$0	\$0	\$600,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

This is the first year of the project.

Project Description/Justification:

Information Technology Capital Project Review Form FY2006

1. Has this project been previously approved? No

If yes, and there are no significant changes to funding amounts or technologies there is no need to continue with this form. Please copy last year's final capital budget back-up here as your submission for FY2006.

2. What is the purpose of the project?

The existing computer system for WIC must be replaced because the current computer system is fundamentally out of compliance with federal requirements with regard to the food instrument (i.e. WIC warrant), and it is prone to failure with essential internal controls.

In the current computer system, system updates must be distributed with a manual process which is prone to error and does not ensure uniform treatment of clients served by the program. For example, issuing warrants without a valid warrant number or issuing multiple warrants with the same warrant number reflects a serious weakness in internal controls.

Under the current structure, each WIC grantee is outfitted with computer workstations and blank warrant stock in order to determine nutritional risk, certify clients as eligible, determine a food prescription that will address the identified nutritional risks, and issue food instruments to clients of the program. One noteworthy failing of the current computer system is that it allows duplicate ranges of warrant numbers to be assigned to various locations/agencies computer workstations; this

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problem has evolved into a commonplace internal control issue as caseload and participation in the program has increased. Also, federal requirements mandate that each food instrument issued must be traceable to a vendor where the instrument was exchanged for the items in the food prescription to ensure vendor compliance and minimize opportunities for vendors and clients to defraud the system. Pilot electronic benefits transfer (EBT) initiatives for WIC in several states have been implemented recently. Alaska must examine the EBT card option to identify ways in which internal control and compliance issues might be resolved through the use of EBT. The current computer system is not EBT-ready. A replacement system would be more likely to be "web-based" so that updates might be more readily distributed to users at grantee sites; further, a replacement system could be developed to address internal control issues and minimize exposure for fraud.

Project cost:	Capital:			Annual O&M Costs or savings
	Prior Years	FY 2005	FY 2006	
General Funds				
General Fund Match				
General Fund Program Receipts				
I/A Receipts (dept. and fund source)				
Other Funds (name and fund number)				
Federal Funds			600.0	
			600.0	
Total				

3. Is this a new systems development project? Yes
 Upgrade or enhancement to existing department capabilities? No

4. Specifically, what hardware, software, consulting services, or other items will be purchased with this expenditure? (Include a line item breakdown.)

5. How will service to the public measurably improve if this project is funded?
 WIC caseload could be enhanced so that both WIC and Medicaid serve more families and children. Every \$1 spent from the WIC program can potentially save up to \$4 from Medicaid in the first year of an infant's life. Money expended for a preventative program such as WIC translates into more Medicaid dollars available for Alaska's families.

6. Does project affect the way in which other public agencies will conduct their business?
 Yes. Other line divisions within the Department of Health and Social Services will be serving a healthier population of women, infants and children and their families through nutrition education, prenatal care, and prescription of supplemental foods provided under the WIC program. Administratively, the Treasury Division in the Department of Revenue and the Division of Finance in the Department of Administration, as well as the state's contract banks will benefit and should experience some reduced costs over time from improved controls and other improvements in the system that issues WIC warrants.

7. What are the potential out-year cost implications if this project is approved? (Bandwidth requirements, etc.)
 There is a potential for an increase in Bandwidth requirements. The current system uses a decentralized database model with periodic database synchronization to a central database. It is possible the new system will use a centralized database model with the remote locations connecting real time. This could have the potential of increasing the demand for bandwidth. At this early stage it is not possible to be more specific than this.

8. What will happen if the project is not approved?
 The consequences of the project not being approved are outlined in #3 above. The main consequence of being substantially out of compliance with federal regulations will result in stiff penalties (reduced funding) for the State, which would mean that some families would go unserved or underserved if funding for WIC were reduced.