Eligibility Information System	**FY2013 Request:**	**$8,738,478**
	Reference No:	**AMD 50825**

AP/AL: Appropriation	**Project Type:** Information Technology / Systems / Communication

Category: Health/Human Services

Location: Statewide	**House District:** Statewide (HD 1-40)
Impact House District: Statewide (HD 1-40)	**Contact:** Jennifer Klein
Estimated Project Dates: 07/01/2012 - 06/30/2017	**Contact Phone:** (907)465-1870

Brief Summary and Statement of Need:
This department's 27 year old Eligibility Information System (EIS) must be replaced. The EIS is the backbone of public assistance operations, automating the majority of eligibility determinations and benefit issuance programs. A new system will reduce the risk of failure inherent in legacy systems. Originally designed to support two public assistance programs, EIS is now instead supporting 13 programs. A new, more advanced system with current technology will ensure continued program operations, gain operational and functional efficiencies, and increase quality control.

This is a new request for FY2013.

Funding:	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Total
Gen Fund	$8,738,478						$8,738,478
Total:	$8,738,478	$0	$0	$0	$0	$0	$8,738,478

☐ State Match Required	☐ One-Time Project	☑ Phased - new	☐ Phased - underway	☐ On-Going
0% = Minimum State Match % Required		☑ Amendment	☐ Mental Health Bill	

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Prior years funding for EIS has been for maintenance and system alternatives study.

Project Description/Justification:
The statutory authority is captured at AS 45.05.010. This is the same authority that governs the Division of Public Assistance (DPA) responsibility to operate and administer the state's public assistance programs.

This request provides funding to pursue implementation of a more advanced and current technology system that will ensure continued program operations, gain operational and functional efficiencies, increase quality control through more timely and accurate eligibility and payment processing, and cross program eligibility functionality. This first phase will address eligibility for Medicaid, State Children's Health Insurance Program, Supplemental Nutrition Assistance Program, Alaska Temporary Assistance Program, Child Care and other state programs such as Adult Public Assistance, Senior Benefits, and General Relief. This phase begins with the award of the technical services and Quality Assurance (QA) contracts (estimated between Oct. – Dec. 2012) and ends with the establishment of the EIS Project Management Office infrastructure.

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The initial phase entails:
- Technical services contractor identifies and procures facilities for the contracted project management and QA teams
- Staffing State Project Team (creation of project positions to support design and development of replacement system)
- Initial development, productions and disaster/recovery hardware acquisition
- Initial application and production software acquisition
- Installation and testing of hardware
- Establishing and supporting network communications infrastructure
- Development of network latency solutions
- Initial application training for state technical staff

The cost estimate is based on a feasibility study and the contractor's identification of four systems implemented in the last five years that met Alaska's requirements of a client portal, online application process, robust reporting capabilities and a comprehensive reporting system. The estimated cost for the alternatives selected for analysis ranged from $104M to over $120M. DHSS staff in DPA and Information Technology reviewed the cost benefit analysis prepared in the feasibility study and determined administrative efficiencies and leveraging in-house resources to come up with a cost of $99M total cost for Alaska's needs.

Replacement of the system will focus on procuring a system that can be readily transferred from another state or a commercial off the shelf (COTs) solution that meets at least 80% of the Department's core requirements. Other alternatives were not addressed as they did not meet Alaska's needs or they failed.

This project funds Phase I of III of replacement of the department's 27 year old public assistance Eligibility Information System (EIS) as described above.

Phase II: This phase begins once Project Management Office infrastructure is in place and ends with the testing and approval of the Medicaid eligibility component of the replacement system.
- Replacement system design and development
- System integration and testing
- Data transfer from legacy system
- Development and delivery of training materials for technical staff and end-users
- System testing and validation

Prior year funding for EIS has been for maintenance of the old legacy system and the feasibility study for EIS alternatives.

The EIS is operating over capacity, supporting 13 programs rather than the 2 it was developed to support. Each month, on average, EIS issues over $25 million dollars in benefits for over 180,000 low income Alaskans. A system failure with the current EIS could result in a prolonged delay in benefits issuances and have significant impact on families. This could affect local economies, not to mention disruption of medical benefits to individuals.

Legacy technology on which EIS is based (IBM mainframe platform, COBOL software development language, and ADABAS database management system) is obsolete, making the software difficult to maintain. In addition, the limitations of the current EIS technology make it difficult to comply with current reporting needs and federal requirements, or link efficiently and effectively with real time interfaces that support program integrity, payment accuracy and reduce fraud.

Because of the limitations of EIS. public assistance relies on multiple, siloed systems that do not allow cross platform coordination of eligibility and payment information, i.e. the Case Management System, (CMS), the Heating Assistance System (HAS), and the Alaska Women, Infants and Children (AKWIC) system. The modularity inherent in today's systems and software applications would permit the integration of programs, adding to the overall efficiency and effectiveness of DPA's operations and program administration.

Timing of this request is of importance in order to secure maximum federal reimbursement. The Centers for Medicare and Medicaid (CMS) has offered states a one-time opportunity to receive enhanced federal match rate for the development of systems with improved Medicaid eligibility determination processes. This 90/10 match also applies to system functions that benefit other federal welfare programs if completed within the applicable timeframe. The ability to access this enhanced funding reduces state costs significantly, but is time limited. Phase I Development leverages 90/10 match of federal dollars for approximately 59% of the project. In order to capture this higher rate of federal financial participation (FFP) states must have a tested and approved Medicaid Eligibility Information System by summer 2013. This enhanced FFP expires December, 2015, making it cost beneficial to the state to develop as much of the EIS replacement within this timeframe as possible.

Consequences of no funding:
If the EIS Replacement Project is not funded, it will be very difficult and costly to comply with the mandatory federal Medicaid requirements. All aspects of DPA's business will be affected including work processes, eligibility performance and accountability, inter-agency partnerships, referrals, service delivery, and interfaces with new federal data verification systems and Health Insurance Exchanges. The Division will be unable to use advanced and modern system architecture and functionality to support continued program development and changes in core business practices. Extensive enhancements that would be needed to support changes in the Medicaid eligibility methodology are likely not feasible for the current EIS system, requiring staff to develop cumbersome, time consuming work-arounds and manual processes. DPA staff will be unable to handle growth in public assistance caseloads or anticipated changes in federal law affecting a range of public assistance programs.

Mission:
To promote and protect the health and well-being of Alaskans

End Results:
Vulnerable Alaskans have access to health care. Alaskans have a safe living environment.

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