

From: Gray Jill
To: [JWMCC Exhibits](#)
Cc: [BYERLY Laurie](#); [BRICKMAN Tamara M * DAS](#)
Subject: Written Testimony for SB 5505
Date: Thursday, May 11, 2017 3:04:10 PM
Attachments: [17_0511_WM Joint Subcommittee on Capital Construction.pdf](#)

Attached is an update from DHS and OHA regarding the ONE Integrated Eligibility and Medicaid Eligibility Project. We are submitting this update as written testimony for SB 5505, and we also plan to attend tomorrow's hearing in person as well.

Please let me know if you have any questions.

Sincerely,

Jill Gray
Legislative Coordinator
Department of Human Services



Kate Brown, Governor

500 Summer Street NE, E-15
Salem, Oregon 97301
503-947-5110
503-581-6198 - Fax

May 11, 2017

The Honorable Senator Fred Girod, Co-Chair
The Honorable Representative Paul Holvey, Co-Chair
Joint Committee on Ways and Means Subcommittee on Capital Construction
900 Court St NE
H-174 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Thank you for the opportunity to update you and the members of the Joint Committee on Ways and Means Subcommittee on Capital Construction on the status of the ONE Integrated Eligibility and Medicaid Eligibility Project and our request for Capital Construction funding.

A written status report is attached for the committee's review.

Action Requested:

Acknowledge receipt of this report.

Sincerely,

Clyde Saiki
DHS Director

Lynne Saxton
OHA Director

To: JOINT COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON CAPITAL CONSTRUCTION
Clyde Saiki – Department of Human Services Director; Lynne Saxton – Oregon Health Authority; Eric Smith – Independent Project Director, Department of Human Services and Oregon Health Authority

From:

Subject: ONE Integrated Eligibility & Medicaid Eligibility Project Capital Construction Fund Update

BACKGROUND

The Department of Human Services and the Oregon Health Authority is undertaking the ONE Integrated Eligibility & Medicaid Eligibility project (formally known as the Integrated Eligibility Project), to extend the current OregONEligibility (ONE) system to support eligibility determinations for several additional programs. Included in the project scope will be eligibility determinations for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and Employment Related Daycare (ERDC) populations; as well as expand the Medicaid eligibility beyond Modified Adjusted Gross Income (MAGI) to include non-MAGI Medicaid populations. Oregon has also determined in order to better serve Oregonians and align closer to the transfer solution, to centralize all Medicaid eligibility determination work within the Department of Human Services.

When the project is complete, Oregonians will be able to apply for all these programs at once. They will be able to use a paper application, use an online self-service portal (sometimes with help from a community partner organization), or work with staff in a local DHS office. The ONE system will streamline the eligibility and benefits level determination process in ways that should speed up eligibility determinations and reduce errors, thereby allowing caseworkers to focus on more time serving clients.

Deloitte Consulting, LLP has been contracted as the System Integrator and Public Knowledge, LLC provides independent quality assurance services. The project is transferring the Benefind solution from Kentucky, with customizations to meet Oregon's unique needs. The project schedule anticipates a phased rollout between August 2018 and June of 2019.

DHS has received approval from the Centers for Medicaid and Medicare Services (CMS) and the Food and Nutrition Service (FNS) for federal funding participation in planning and initial system implementation work during Federal Fiscal Year 2016-2018. The Legislature authorized the project to proceed with implementation and provided initial funding in its February 2016 session. The 2017-19 Governor's Recommended Budget (GRB) included an ask for \$18 million Q Bonds, \$275,000 in issuance costs, and \$4.35 million in Debt Services. However, more is known since that request was developed. Both Departments have concluded that changes are necessary to the project timeline and scope that require additional funding. The additional funding request is in the updated Budget Projections below.

STATUS UPDATE

Starting in October of 2016 DHS and OHA began discussions around the scope, priority and timing of the project. DHS and OHA worked with the Governor's Office, the Office of the State CIO, and utilized the Coraggio Group to identify the path forward for both agencies. The following is a list of updates that were made based on these discussions:

1. **Establishing Governance and Oversight**

- Formed Joint Governance Body with agency directors and the State CIO.
- Hired an Independent Project Director, Eric Smith, to focus on the project and coordinate between the agencies.
- Adjusted membership on the project's Steering Committee.
- Continued to work closely with CMS and FNS.
- Conducted bi-weekly meetings with the OSCIO and LFO IT Analyst to review project planning and foundational documents.

2. Contracting for Vendor Resources

- Systems Integrator: Deloitte Consulting
 - Updated the contract to include additional time for design work, and re-baseline the schedule with implementation completing in June 2019 based on other state's lessons learned as well as lessons learned from the initial ONE implementation.
 - Engaged Deloitte to assist the design for legacy changes required in our current systems.
- Quality Assurance: Public Knowledge
 - Updated the QA contract to cover additional requirements from CMS around Functional Design Documentation (FDD) review.

3. Updating Budget Projections

The project developed the original policy option package and associated budget ask prior to the full completion of Fit Gap and engagement within Design. Based on those activities concluding and beginning the Design work, as well as conversations within the State and with other States who have done similar work the project has updated our project schedule and budget assumptions to mitigate risks identified by internal and external partners. Based on this this project is re-baselining the schedule and has determined additional areas of cost that were not captured in the initial budget. The Department is currently requesting \$77 million in total funds more than what was in the original Governor's Recommended Budget, \$45 million more in Federal Funds, \$27 million more in bonds, \$5 million less in General Funds for DDI activities, \$6 million more for Debt Services, and \$3 million more in Other Fund Limitation. These increases are primarily driven by:

- Additional six months of Design/Development/Implementation (DDI) timeframe versus maintenance and operation costs
- Adding 10% contingency to the project
- Adding Department cost allocation to the project
- Increased staffing based on increased understanding around implementation
- Increased staffing based on increased understanding around Legacy work
- Increased staffing based on additional complexity around Disaster Recovery work
- Shift in Federal Funds to State Funds due to work going beyond the A-87 exception deadline (Dec 31, 2018).

In the February 2016 Legislative Session, the project budget estimate was ~\$126M. As part of the Fit/Gap work and preparing for Stage Gate 3 (where budget is expected to be +/- 10%), the project cost estimate rose by \$35.6 million, from \$126.1 million to \$161.7 million plus \$14.6 million for maintenance and operation.

CONCLUSION

Executive leaders in both DHS and OHA are deeply engaged in the project. At the federal level, CMS and FNS staff are supportive and continue to engage with the State as we develop our move forward plan. The Department, if funded, will negotiate costs based on this schedule with Deloitte and Public Knowledge, will submit an updated Advanced Planning Document to CMS and FNS, and will update the cost allocation methodology. The projections we have provided are based on our best estimates based on the assumptions and knowledge we have today. The additional request for Bond authority will allow the project to move forward and utilize the enhanced federal funds to establish this resource and set the framework to move off of our legacy infrastructure.

Questions about the project can be addressed to the Independent Project Director, Eric Smith at: Eric.Smith@dhsoha.state.or.us.