



**Oregon**  
Kate Brown, Governor

**Department of Consumer and Business Services**

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January 14, 2022

The Honorable Senator Elizabeth Steiner Hayward, Co-Chair  
The Honorable Representative Dan Rayfield, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairpersons:

**Nature of the Request**

The Department of Consumer and Business Services respectfully requests to provide a status report on the implementation of the Workers' Compensation Modernization Program during the February 2022 legislative session.

**Agency Action**

In 2017, DCBS requested a budget package to initiate, plan, and manage a Workers' Compensation Modernization Program, which will consist of one or more information technology projects and support a long-term, phased process of planning, budget approval, and project implementation. The modernization program will transform business processes, modernize technology, and enhance internal and external stakeholder experiences.

Since then, the Joint Committee on Ways and Means, with the support of the Joint Committee on Information Management Technology (JLCIMT), has authorized DCBS to hire a permanent Principle Executive Manager E, procure professional services to develop an architectural and high-level program roadmap, and hire two information management technology positions. The next step is to request funding for a series of projects to implement the program roadmap.

Unfortunately, the pandemic has slowed implementation of these approved items. DCBS continues to be engaged with Enterprise Information Services to track progress and submit project documentation for the next phase of the Modernization Program.

However, the JLCIMT recommendation included a request for regular reports on program implementation. This letter serves as our request for our regular report on the agency's activities to date and provide an outline of plans to make a specific funding request at the first Emergency Board meeting in the 2022 interim. We also intend to request to make the same report to JLCIMT during the 2022 session.

**Action Requested**

DCBS respectfully requests to provide a status report to the Joint Committee on Ways and Means on the implementation of the Workers' Compensation Modernization Program during the February 2022 legislative session.

**Legislation Affected**

None.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew R. Stolfi". The signature is fluid and cursive, with a prominent initial "A" and a long, sweeping underline.

Andrew R. Stolfi

Director

Department of Consumer and Business Services

**Department of Consumer and Business Services**  
**Workers' Compensation Division**  
**Modernization Program**

**Status Report**

Sally Coen, Administrator  
Workers' Compensation Division

January 14, 2022

## Background

Since 2017, the Workers' Compensation Division, part of the Oregon Department of Consumer and Business Services, has made a significant investment to transform business processes and implement modern technology to better serve customers. This effort will enhance the workers' compensation system by increasing regulatory efficiency, reducing regulatory burdens, improving data quality and analysis, and delivering services in support of the division's mission. Modernized technology will also improve flexibility and allow the division to better respond to program changes and technology evolutions.

The division created a Modernization Program in 2019 to provide strategic leadership and oversight for process, system, and application improvements. Instead of focusing on individual technology projects, the division is taking a broader, program-level approach. This includes reviewing and documenting current state business processes and applications that affect multiple parts of the agency. The division is also identifying data flows and data partners, identifying and engaging affected stakeholders, and establishing change management strategies.

This work is the foundation for future efforts to evaluate and procure solutions for multiple related projects that will fully modernize business processes and technology. This work is anticipated to span multiple biennia.

## Activities to date

In March 2019, the agency submitted a report to the Joint Interim Committee on Information Management and Technology (JLCIMT) that outlined initial planning efforts and the division's plans for the 2019-21 budget cycle.

Based on recommendations from JLCIMT, the legislature approved funding for one permanent program manager position and allocated \$1.3 million in Other Funds for professional services to help with architectural and high-level program roadmap development. The JLCIMT recommendation included a request for regular reports on project implementation.

Following approval of the agency's budget for the 2019-21 biennium, the agency:

- Hired a program manager (October 2019)
- Continued planning efforts and detailed process mapping
- Assembled internal workgroups to review and develop strategies for: legacy system integrations; organizational change management; external partner engagement; reports, data, and forms analysis; and program roadmap feasibility analysis
- Received Stage Gate 1 program endorsement from Enterprise Information Services (December 2019)
- Hired a consultant (Deloitte) to develop an architectural design and program roadmap (January 2020)
- Submitted a progress report to JLCIMT (February 2020), as well as monthly ongoing reports to JLCIMT committee staff
- Completed the professional services contract with Deloitte (July 2020)
- Hired a new program manager (position was vacant from April 2020 to April 2021)

These steps, along with the consultant work by Deloitte, gave the division a roadmap for a multi-year modernization effort. The consultant specifically identified solution architecture requirements for the program, high-level program goals and design principles, high-level business requirements, and a proposed implementation and migration plan. The consultant also

provided a number of process improvement projects that would help smooth the way for future modernization projects.

For the 2021-23 biennium, the agency requested and the legislature approved two additional information technology positions to support existing systems and prepare for future modernization projects. Since the budget was approved, the agency has:

- Hired a data architect (December 2021)
- Started recruitment for a senior systems analyst and designer (the initial recruitment failed and was reopened in December 2021)
- Assembled a new modernization workgroup to validate the recommendations from Deloitte, determine feasibility of recommendations, and deliver a program roadmap
- Initiated four process improvement projects:
  - Streamline communications to injured workers and employers
  - Allow insurers to receive reports electronically
  - Develop internal cross-training plans and collaboration tools
  - Allow electronic document submission via existing web portal
- Set quarterly update meetings with DCBS, Legislative Fiscal Office (including budget and JCLIMT staff), Enterprise Information Services, and DAS Chief Financial Office

Also, the agency:

- Will be submitting program plan and related artifacts to Enterprise Information Services for review in January 2022
- Anticipates a Stage Gate request for the first project in spring 2022

## **Challenges**

It is no surprise that the pandemic significantly affected the program. The division's funding source is assessments based on payroll. These revenues are extremely sensitive to economic downturns. The early pandemic employment declines caused us to be conservative with funding and staffing until the effect on revenues was clearer. This affected our ability to recruit for vacant positions and reduced the amount of time existing staff members were able to devote to modernization projects.

We also had an unexpected vacancy in the program manager position in early 2020. Our concerns about revenues delayed the recruitment for a replacement and the position was not filled until April 2021. Existing staff members were able to keep some work going, including support of the contracted work with Deloitte. However, more robust program activities were delayed until the new manager was hired and onboarded.

Another challenge has been recruiting information technology staff members. As with many other agencies, it is difficult to attract qualified candidates willing to work in state government. The agency has the added complication of finding people able to work with our legacy systems (30 years old). As a result, the recruitment process has taken much longer and affected the agency's ability to move more quickly.

## **Next steps**

Despite the challenges, the division is committed to the modernization effort, even if progress is not as fast as we would prefer. We are taking prudent steps toward modernization in light of our budget and resources. The roadmap provided by Deloitte provides a structure and direction for that work, including internal process improvements that immediately will improve service while enhancing success of future technology projects. The two new information technology positions will also prepare people and systems for future work. Also, we are fully committed to ensuring

we are complying with legislative and Enterprise Information Services' Stage Gate requirements as we move along.

Once Stage Gate approval is received from Enterprise Information Services for the first project, the division plans to return to an interim Emergency Board meeting (possibly May 2022) to request funding for positions and professional services to support the Request for Proposal (RFP) process to determine the cost for the project. The RFP process could take up to a year to complete. We also intend to initiate a contract for the required independent quality management control services required for information technology projects.

The division expects the result of the RFP and quality control review will determine the necessary funding request for the program's 2023-25 budget request.