

## Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Health Care Policy and Financing  
 Request Title: Customer Service Technology True-up  
 Priority Number: BA-14

Dept. Approval by: Josh Block  1/2/14  
 Date

OSPB Approval by:  12/31/13  
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
<b>Total of All Line Items</b>	<b>Total</b>	8,492,552	-	6,660,552	715,468	715,468
	FTE	-	-	-	-	-
	GF	2,507,418	-	1,547,418	357,734	357,734
	GFE	-	-	-	-	-
	CF	568,500	-	562,500	-	-
	RF	-	-	-	-	-
	FF	5,416,634	-	4,550,634	357,734	357,734
<b>(1) Executive Director's Office; (A) General Administration, General Professional Services and Special Projects</b>	<b>Total</b>	8,492,552	-	6,660,552	715,468	715,468
	FTE	-	-	-	-	-
	GF	2,507,418	-	1,547,418	357,734	357,734
	GFE	-	-	-	-	-
	CF	568,500	-	562,500	-	-
	RF	-	-	-	-	-
	FF	5,416,634	-	4,550,634	357,734	357,734

Letternote Text Revision Required?    Yes:     No:     If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:    FF: Title XIX

Reappropriated Funds Source, by Department and Line Item Name:    N/A

Approval by OIT?    Yes:     No:     Not Required:

Schedule 13s from Affected Departments:    OIT

Other Information:    N/A



# COLORADO

Department of Health Care Policy  
and Financing

Priority: BA-14  
Customer Service Technology True-up  
FY 2014-15 Budget Amendment

## ***Cost and FTE***

- The Department requests \$715,468 total funds comprised of \$357,734 General Fund and \$357,734 federal funds in FY 2014-15 and ongoing.

## ***Link to Operations***

- The Department's Customer Contact Center assists existing and potential Medicaid clients by answering questions about Medicaid eligibility, benefits, and enrollment; completing over-the-phone Medicaid applications; and referring callers to outside entities when necessary.
- This service is critical to ensure individuals and families have the assistance they need when applying for and utilizing Medicaid benefits.

## ***Problem or Opportunity***

- The Customer Contact Center recently implemented interactive voice response (IVR) and customer relations management (CRM) technology per the Department's FY 2013-14 R-12 budget request, "Customer Service Technology Improvements."
- Since implementing this technology, the call volume has been triple what was projected, resulting in long wait times, high abandonment rates, and insufficient storage capacity for verbal attestations required for over-the-phone Medicaid applications.

## ***Consequences of Problem***

- Due to this high call volume, individuals and families cannot get timely assistance from the Department in navigating the eligibility requirements, benefits, and application process of Medicaid. The volume is expected to remain at high levels and potentially increase due to the implementation of the Affordable Care Act.

## ***Proposed Solution***

- The Department requests additional funding for IVR technology to account for utilization that is higher than what was originally estimated by the vendor.
- The Department also requests additional funding for data storage with the Governor's Office of Information Technology (OIT) in order to store verbal attestations for over-the-phone Medicaid applications.
- The Department also requests additional funding to support higher ongoing maintenance costs of IVR and CRM technology.
- This funding would ensure that Medicaid clients have accurate information about the Medicaid program and adequate, timely assistance when applying for and using Medicaid benefits.



# COLORADO

## Department of Health Care Policy and Financing

FY 2014-15 Funding Request | January 2, 2014

John W. Hickenlooper  
Governor

Susan E. Birch  
Executive Director

**Department Priority: BA-14**

**Request Detail: Customer Service Technology True-up**

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Customer Service Technology True-up	\$715,468	\$357,734

### **Problem or Opportunity:**

The Department recently implemented new Customer Contact Center technology per the Department's FY 2013-14 R-12 budget request, "Customer Service Technology Improvements." However, the original estimates for ongoing maintenance and operations appear to be insufficient due to underestimated customer call volume and the need for additional resources to provide ongoing system maintenance and fulfill requirements of HB 12-1288 related to critical Information Technology (IT) projects.

The Department's Customer Contact Center is a critical service for existing and prospective Medicaid clients. The Customer Contact Center answers questions over the phone and online about Medicaid eligibility, benefits, and enrollment; completes over-the-phone Medicaid applications, and connects callers to outside parties when appropriate.

Per the Department's FY 2013-14 R-12 budget request, the Department's Customer Contact Center implemented interactive voice response (IVR) and customer relations management (CRM) technology on October 1, 2013. Since implementing this technology, call volume has been triple the amount originally estimated. This has resulted in insufficient electronic storage for recorded verbal client attestations and, because the IVR system is paid for on a per-minute basis, insufficient funding to pay for the number of minutes that callers are spending in the IVR system. Additionally, ongoing maintenance costs are higher than originally estimated, which has resulted in insufficient funding to make regular system changes as the IVR and CRM systems evolve and has compromised compliance with HB 12-1288. HB 12-1288 created new state IT requirements applicable to the IVR and CRM technology that they currently do not fulfill; these requirements include specific minimum criteria for project plans and business requirements, required business continuity planning, and an assigned Project Manager.

The Department relied on vendor estimates in creating the cost estimates for the original budget request; however, the assumptions behind those estimates appear to be inaccurate for several reasons. First, average call length has increased more than expected due to lengthy technical questions about the Colorado Program and Eligibility Application Kit (PEAK), the implementation of the federal Affordable Care Act of 2009 (ACA), and the Colorado Health Benefits Exchange (COHBE). Second, original estimates were based on

the previous call technology, which produced limited data for estimation and had less capacity than the newly implemented IVR and CRM technology. Specifically, the Department had no data on the number of callers who received a busy signal in the previous system, which callers would get when system capacity was reached; however, under the new system, callers are put on hold instead of given a busy signal, creating a large queue of callers that the Department could not accurately predict due to the lack of data about busy-signal callers in the previous system. Finally, due to the timelines of the state budgeting process, general ongoing maintenance estimates for the IVR and CRM systems were created before detailed IT business requirements could be completed and evaluated, leading to imprecise estimates.

The insufficient call volume capacity of the IVR and CRM technology and inadequate maintenance resources for these systems threaten timely assistance to individuals and families seeking help from the Customer Contact Center. If these inadequacies are not addressed, the Department expects loss of use of IVR technology due to lack of funding for additional IVR system minutes to accommodate the higher-than-expected call volume; the inability to store verbal attestations and thus accept over-the-phone Medicaid applications due to full storage drives; and, the inability to fix any system errors or adapt to evolving business requirements due to lack of ongoing maintenance resources. These problems would likely create longer caller wait times (which are already 10 to 20 minutes on average, depending on time of day); higher caller abandonment rates; federal sanctions due to the federal requirement to store verbal attestations and accept over-the-phone Medicaid applications; noncompliance with HB 12-1288; and unreliable ongoing performance of the IVR and CRM technology.

***Proposed Solution:***

The Department requests \$715,468 total funds comprised of \$357,734 General Fund and \$357,734 federal funds in FY 2014-15 and ongoing to true-up ongoing system capacity and maintenance costs of recently implemented Customer Contact Center technology.

First, to address insufficient caller minutes within the IVR system, the Department requests funding to purchase additional annual IVR minutes so that the IVR system can continue to operate under higher customer call volume. While this high customer call volume is partially a temporary surge due to ACA implementation, the Department expects call volume to remain high in the future due to increasing Medicaid enrollment under ACA; continued technical questions about PEAK and COHBE, especially during annual open enrollment periods; and the ongoing ACA requirement to process Medicaid phone applications, which can require up to an hour per caller. Alternatively, the Department could request additional staff in the Customer Contact Center; which would reduce caller time spent waiting in the IVR system and allow for additional online contact options that would divert caller volume from the IVR system to the web. While this would reduce the number of minutes callers spend in the IVR system, it would take longer to implement due to hiring and training needs.

Second, to address storage capacity for verbal Medicaid application attestations, the Department proposes to purchase additional data storage at OIT to store the verbal attestations of applicants. Since over-the-phone Medicaid applications and storing attestations are federally required and the Department could face federal sanctions if it does not store these attestations, the Department cannot identify a viable alternative.

Last, to address ongoing maintenance costs of the IVR and CRM technology, the Department proposes to fund additional system development hours with the IVR and CRM development vendor, and a business analyst and senior project manager at OIT. These additional system development hours would fund computer programmers to make changes to the IVR and CRM systems when system glitches are discovered, when new federal or state regulations are enacted that pertain to these systems, or when system efficiencies or enhancements are desired. The OIT business analyst and project manager would serve as intermediaries between Customer Contact Center staff and the developer; they would coordinate system changes with the developer, translate Department staff needs into technical specifications, perform system testing, provide training, and manage system documentation. This would ensure the technology is able to adapt to changing business requirement and would also meet the relevant requirements of HB 12-1288. Alternatively, the Department could contract with an external vendor for these resources; however, this option would likely cost more and an outside vendor would likely be less available than OIT for ongoing system troubleshooting with Department staff.

***Anticipated Outcomes:***

If approved, the proposed solution would address the insufficient call volume capacity and inadequate maintenance resources of the recently implemented Customer Contact Center technology. This would ensure that callers receive timely assistance from the Customer Contact Center and that the requirements of HB 12-1288 and the federal government are met.

If approved, the proposed solution would help the Department achieve its goal to “improve health outcomes, client experience, and lower per capita costs,” as stated in the Department’s five-year strategy plan. Specifically, this request would help meet this goal’s stated performance measure to enhance customer service operations by increasing the number of calls answered and reducing calls abandoned. This enhances the experience of Colorado Medicaid clients and helps to ensure that individuals and families in Colorado receive timely assistance when reaching out to the Department’s Customer Contact Center.

***Assumptions and Calculations:***

The requested annual ongoing funding for the components of this request are shown in Table 1 of the attached appendix. The Department assumes all components are eligible for a 50% federal financial participation (FFP) rate and that the state’s share of the cost would come from the General Fund. Cost estimates and assumptions for these components are discussed in detail below.

First, the funding requested to pay for additional caller minutes in the IVR system contract is shown in Row A of Table 1. The IVR system vendor made this cost estimate based on a cost of 6 cents per minute spent in the IVR system and by projecting the annual minutes needed based on the history of minutes used since implementing the new IVR technology on October 1, 2013. The Department believes this additional annual funding will allow for enough annual minutes in the IVR system to cover the ongoing high call volume; however, since the technology is relatively new and there is little data with which to make accurate projections, the Department may request changes through the normal state budgeting process in the future to adjust this funding if further call volume data leads to revised projections.

Second, the funding requested for additional data storage for verbal attestations is shown in Row B of Table 1 and is based on cost estimates from OIT for one additional OIT server at \$289 per month. This funding would be paid to OIT to implement and maintain the server.

Finally, the funding requested for additional maintenance resources is shown in Rows C through E of Table 1 and is based on cost estimates from OIT and the contracted IVR and CRM developer, Deloitte. Row C shows the OIT estimate of 1,000 additional development hours needed per year for fixing system issues, updating the system to meet new federal and state requirements, and implementing efficiencies and system enhancements. Each development hour with Deloitte is priced at \$200 per hour. Additionally, Row D shows the annual cost estimate from OIT of 1 additional Business Analyst and Row E shows the annual cost estimate from OIT of 1 additional Senior IT Project Manager. These two positions would be state staff at OIT.

The above components represents the Department's updated maintenance need for the Customer Contact Center technology implemented per the Department's FY 2013-14 R-12 budget request; the total cost of these components is shown in Row F of Table 1. Per the Department's FY 2013-14 R-12 budget request, the Department received an ongoing annual appropriation of \$180,000 total funds comprised of \$90,000 General Fund and \$90,000 federal funds for maintenance needs as shown in Row G of Table 1. This existing maintenance appropriation is subtracted from the updated maintenance need to calculate the total incremental funding that is requested in this supplemental; this requested amount is shown in Row H of Table 1.

***Supplemental, 1331 Supplemental or Budget Amendment Criteria:***

This budget amendment is due to new, more defensible and accurate information. With the implementation of the new Customer Contact Center technology on October 1, 2013; the Department has been collecting newly available call volume data. Furthermore, as detailed business requirements were defined for the IVR and CRM systems, new estimates for ongoing maintenance were created.

BA-14 Customer Service Technology True-up  
Appendix A: Calculations and Assumptions

<b>Table 1 - Total Request for FY 2014-15 and Ongoing</b>					
<b>Row</b>	<b>Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FFP</b>
<i><u>Need</u></i>					
A	Additional Minutes with IVR Vendor	\$550,000	\$275,000	\$275,000	50%
B	OIT Verbal Attestation Storage	\$3,468	\$1,734	\$1,734	50%
C	Additional Development Hours	\$200,000	\$100,000	\$100,000	50%
D	OIT Business Analyst	\$62,000	\$31,000	\$31,000	50%
E	OIT Senior IT Project Manager	\$80,000	\$40,000	\$40,000	50%
F	Subtotal: Need	\$895,468	\$447,734	\$447,734	
<i><u>Existing Appropriation</u></i>					
G	FY 2013-14 R-12 “Customer Service Technology Improvements”	\$180,000	\$90,000	\$90,000	50%
<i><u>Budget Amendment</u></i>					
H	Row F - Row G	\$715,468	\$357,734	\$357,734	