



Cost and FTE

The Department requests funds to address system issues with the Audit and TCN Databases, the BUS, and DDDWeb:

- \$308,675 total funds, including \$154,338 General Fund and \$154,337 federal funds in FY 2014-15;
- \$345,000 total funds, including \$172,500 General Fund and \$172,500 federal funds in FY 2015-16;
- \$345,000 total funds, including \$172,500 General Fund and \$172,500 federal funds in FY 2016-17; and
- \$20,000 total funds, including \$10,000 General Fund and \$10,000 federal funds in FY 2017-18 and ongoing.

Additionally, the Department requests roll forward authority for FY 2014-15 of up to \$126,794 total funds, including \$63,397 General Fund and \$63,397 federal funds for funding related to the Audit Database, TCN Database, and the BUS.

Current Program

The database applications included in this request are:

- Audit Database: used to documents audit findings and the Department's mitigation efforts;
- Transaction Control Number (TCN) Database: used to track of Medicaid claims that have been audited for issues such as coding errors or possible fraud, waste, and abuse;
- Benefits Utilization Services (BUS) Application: the case management system used to coordinate client utilization long-term services and supports (LTSS); and
- Division of Development Disabilities Web Application (DDDWeb): the case management system used to coordinate services and supports for clients with intellectual and/or developmental disabilities.

Problem or Opportunity

Problems with the Department's databases are:

- Reporting functionality of the Department's Audit Database is partly inoperative;
- The TCN Database has outgrown the storage limitations, resulting in system failures and potential data loss;
- The Department needs multiple changes to the BUS mandated by the Centers for Medicare and Medicaid Services (CMS) and to address security issues identified by OIT; and
- DDDWeb software is not properly licensed.

Consequences of Problem

- Failure of the TCN database would result in inability to track claims that have been audited and result in multiple demands for payments on the same claim, in violation of statute;
- Not completing BUS modifications and updates will risk non-compliance with federal requirement and potential loss of federal funding, risk of breaching client health information, and jeopardize timely service delivery to LTSS clients; and
- Not purchasing the appropriate license would prevent the Department's use of reporting functionality for the DDDWeb and limit the ability of case managers to access and manage client information in DDDWeb.

Proposed Solution

- The Department would contract for system changes and purchase the correct Business Objects license to resolve the systems issues identified in this request comply with federal requirements, vendor licensing requirements and improve service delivery to clients in LTSS programs.



COLORADO

Department of Health Care
Policy & Financing

FY 2014-15 and FY 2015-16 Funding Request | January 2, 2015

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: S-8, BA-8
Request Detail: Legacy Systems and Technology Support

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Legacy Systems and Technology Support	\$308,675	\$154,338

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
Legacy Systems and Technology Support	\$345,000	\$172,500

Problem or Opportunity:

This supplemental budget amendment addresses problems with several of the Department’s major database applications. These are the Audit Database, the Transaction Control Number (TCN) Database, the Benefits Utilization Services (BUS) Application, and the Division of Developmental Disabilities Web (DDDWeb) Application. Problems with these applications are putting the Department at risk of being unable to meet various legal obligations and effectively serve Colorado Medicaid clients.

Audit Database

The Department’s Audit Database documents audit findings and the Department’s mitigation efforts. The Department cannot effectively or efficiently fulfill the Office of the State Auditor’s (OSA’s) requirement to track the status of audit findings and recommendations because the reporting functionality of the Audit Database is partly inoperative. This occurred because part of the reporting functionality was unable to be preserved when the Department transitioned the underlying software from Microsoft Access to Microsoft SharePoint at the beginning of FY 2014-15. The transition to Microsoft SharePoint was necessary because the database had outgrown the storage limitations of Microsoft Access.

Transaction Control Number Database

The TCN Database tracks Medicaid claims that have been audited for issues such as coding errors or possible fraud, waste, and abuse. The TCN Database runs in Microsoft Access, which is a desktop software that lacks the stability, security, and comprehensive database features that the TCN database requires. Further, the TCN Database has outgrown the storage limitations of Microsoft Access, which causes the application to crash sporadically and risks permanent data loss. As a result, the Department is at risk of violating

section 25.5-4-301(3)(a)(III), C.R.S., which prohibits the Department from subjecting a provider to more than one demand for repayment on a claim that has been audited. The TCN Database is the Department's only comprehensive record of audited claims and demands for repayment. Loss of this data would make it impossible to ensure the Department complies with statute as the Department would not have a reliable record of past repayment demands.

Benefits Utilization Services Application

The BUS application is the case management system used to coordinate client utilization of long-term services and supports (LTSS). As the result of numerous delayed system changes to the BUS, the Department is at risk of losing federal funding, at risk of breaching client health information, jeopardizing timely service to LTSS clients, and missing opportunities for greater efficiency and effectiveness in the LTSS program. These project delays are occurring because the volume of system changes needing to be made to the BUS is greater than can be accommodated by the 1.5 FTE staff resources designated to work on BUS changes by the Governor's Office of Information Technology (OIT). The current backlog of projects is estimated to take over two years to complete. These delayed system changes include:

- Multiple changes mandated by the Centers for Medicare and Medicaid Services (CMS), such as a mandate to alter unit rate values for services under the Division of Intellectual and Developmental Disabilities which, if further delayed, could result in termination by CMS of three Home and Community Based Services (HCBS) waiver applications and subsequent loss of federal Medicaid funding for these waiver programs;
- Multiple changes mandated by OIT regarding system security, such as 10 critical issues identified in a recent OIT security scan to mitigate system vulnerabilities which, if exploited, could lead to breaches of health information and consequent federal penalties;
- Hundreds of changes requested by case managers such as errors in client information (e.g., incorrect approved service limits) that create unnecessary confusion and cause delays in providing client services; and,
- Over a dozen changes to improve the efficiency and effectiveness of the system, as identified by Department staff.

Division of Developmental Disabilities Web Application

The DDDWeb application is the case management system used to coordinate services and supports for clients with intellectual and/or developmental disabilities. The Department has recently been notified by the proprietary vendor of the Business Objects reporting software used for DDDWeb that the software is not properly licensed. DDDWeb is at risk of losing these reporting capabilities if the Department does not comply with the vendor's licensing requirements as the Department would be prohibited from using the reporting functionality or risk legal action by the vendor. Without the reporting capabilities, the Department is at risk of being unable to provide continuous services to clients with intellectual and/or developmental disabilities.

Proposed Solution:

To address these system issues with the Audit and TCN Databases, the BUS, and DDDWeb, the Department requests:

- \$308,675 total funds, including \$154,338 General Fund and \$154,337 federal funds in FY 2014-15;
- \$345,000 total funds, including \$172,500 General Fund and \$172,500 federal funds in FY 2015-16;
- \$345,000 total funds, including \$172,500 General Fund and \$172,500 federal funds in FY 2016-17; and
- \$20,000 total funds, including \$10,000 General Fund and \$10,000 federal funds in FY 2017-18 and ongoing.

Additionally, the Department requests roll forward authority for the FY 2014-15 funding related to the Audit Database, TCN Database, and the BUS. Roll forward authority is requested because IT projects are subject to unexpected delays and since these projects are projected to be finished in the last several months of FY 2014-15, roll forward authority would prevent the need to appropriate FY 2015-16 funding if delays occurred. The Department, in cooperation with OIT, proposes to resolve the system issues as follows.

Audit Database

The Department requests \$20,544 in one-time funding in FY 2014-15, with roll forward authority, to hire an OIT contractor to recreate all lost reporting functionality of the Audit Database and \$10,000 in ongoing funding beginning in FY 2015-16 to hire an OIT contractor to provide ongoing IT support for the Audit Database. Restoring all reporting functionality to the database would allow the Department to meet its obligation to track audits. After reporting functionality is restored, ongoing IT support would allow the Department to quickly address any problems with the database in the future. This would help to ensure the Department can meet its future obligations regarding audits and avoid future one-time supplemental requests when system issues occur.

The consequence of not implementing this proposal would be that not all reporting functionality would be available. This would result in time-consuming, manual processes to fulfill the OSA's audit tracking requirements. This would require additional staff and introduce manual errors that would hinder the Department's ability to implement audit recommendations, which would put the Department at risk of federal financial penalties for not implementing audit recommendations.

Transaction Control Number Database

The Department requests \$25,000 in one-time funding in FY 2014-15, with roll forward authority, to hire an OIT contractor to migrate the TCN Database from Microsoft Access to Microsoft SharePoint and \$10,000 in ongoing funding beginning in FY 2015-16 to hire an OIT contractor to provide ongoing IT support for the TCN database. The migration would eliminate the threat of data loss due to the capacity limitations of Access because SharePoint allows greater database size. Ongoing, dedicated IT support for the system would help ensure the Department can quickly respond to any system issues, so that it can continue to meet its obligations and avoid supplemental requests such as this one.

The consequence of not implementing the proposed solution is that the TCN database will fail because Microsoft Access, as desktop software, cannot provide the stability, security, and other comprehensive database features required to run a large, frequently accessed database such as the TCN database. The TCN database will soon exceed the allowed data storage capacity of Microsoft Access, which will cause Microsoft Access to begin to delete data, resulting in permanent data loss. This could result in losing track of which claims have been audited and likely result in multiple demands for payment on the same claim, in violation of section 25.5-4-301(3)(a)(III), C.R.S. Multiple repayment demands would burden providers with repeated research, legal fees, and administrative tasks, and consequently deteriorate the Department's relationship with these providers.

Benefits Utilization Services Application

The Department, in cooperation with OIT, proposes to double the dedicated IT support for BUS projects, adding the equivalent of 1.5 FTE for a period of 27 months beginning in April 2015. This additional IT support would begin immediately on working through the backlog of BUS projects, allowing the Department to significantly reduce project delays. This would reduce the Department's exposure to the risks resulting from delayed BUS projects, as were described above. The funding requested for the proposed solution is \$65,000 per year for a half-time contracted Business Analyst and \$260,000 per year for a full-time contracted ColdFusion developer, with roll forward authority for FY 2014-15.

The consequence of not implementing the proposed solution would be worsening exposure to the risks consequent of delayed projects as described above. This includes continued negative impact on client care due to severe delays in fixing errors in client information and delays in implementing projects that would increase the efficiency and effectiveness of the BUS. This also includes continued risk of loss of federal financial participation for multiple waiver programs due to delays in CMS-mandated projects and risk of federal financial penalties for breaching client information due to delays in critical security projects identified by OIT.

Alternatively, the Department considered prioritizing the most critical BUS projects, such as CMS-mandates and severe security issues, and disregarding the rest. This is plausible because the BUS will be replaced by the Department's new MMIS in November 2016 (see the Department's FY 2013-14 R-5 "MMIS Reprocurement") and thus the risks associated with the disregarded projects may be manageable because they would be temporary. However, the Department evaluated the risks associated with disregarding these projects and determined that the risks are too great. Client information errors would likely have to go unfixed in order to complete CMS and OIT mandates; and furthermore, if any new CMS or OIT mandates are proposed, OIT will not likely have the resources to address them. Finally, implementation of the new MMIS may be delayed, which would require the BUS to continue functioning and thus prolong the Department's exposure to these risks.

Division of Developmental Disabilities Web Application

The Department proposes to upgrade the licensing for Business Objects to comply with the vendors licensing requirements which would eliminate any risk of legal action and of losing the critical functionality provided through Business Objects. The license will include the web interface component, and also upgrade the

licensing so that it would be compatible with the changes to DDDWeb proposed in the Department's FY 2015-16 change request R-18 "DDDWeb Stabilization." This would enable DDDWeb reporting functionality to continue without interruption, eliminating risk of disruption to services from the lack of ability of case managers or Department staff to check a client's approved services or view other vital information about the client. The funding requested for the proposed solution is a one-time cost of \$181,881 to upgrade the licensing.

The consequence of not implementing the proposed solution is that the Department would lose its right to use Business Objects, which would eliminate reporting functionality for the DDDWeb and thus eliminate the ability of case managers to view client information in DDDWeb. This would severely delay services to clients with intellectual and developmental disabilities because time-consuming manual processes would be required to check and approve services for clients.

Alternatively, the Department considered other vendors to provide the reporting software. The Department also considered moving the data into the MMIS's business intelligence environment and using the reporting functionality already available in that environment. However, these solutions proved more costly, and would require extensive training for new users.

Anticipated Outcomes:

Audit Database

Restoration of reporting functionality and ongoing, dedicated IT support would be provided by a contractor for OIT. The Department would pay for this work by interagency transfer to OIT in FY 2014-15 and FY 2015-16; however, beginning in FY 2016-17, the Department would pay for this work through common policy. The funding would purchase 60 hours of annual IT support.

The anticipated outcome is full restoration of the reporting capabilities for the database, allowing the Department to continue to meet its audit-tracking and reporting obligations. Also, the Department anticipates that the ongoing funding will allow for annual improvement projects to the database and the ability to quickly fix any future errors with the database.

The proposed solution supports two goals in the Department's FY 2014-15 Performance Plan. First, it supports the SharePoint Management goal under the Department's Technology strategy because it moves a frequently used internal resource into SharePoint, helping to make SharePoint a more integral part of internal Department processes. Second, it supports the Strategic Management goal under the Department's Process strategy because it ensures that a major source of ideas on process improvement, namely, audits, are reliably documented and progress is consistently tracked.

Transaction Control Number Database

The work to implement the proposed solution would be performed by a contractor for OIT. The Department would pay for this work by interagency transfer to OIT in FY 2014-15 and FY 2015-16; however, beginning in FY 2016-17, the Department would pay for this work through common policy. The proposed solution

would fund the migration of the TCN Database from Microsoft Access to Microsoft SharePoint and fund 60 hours of annual IT support.

The anticipated outcome would be that the TCN Database functions without change in SharePoint. Also, the Department anticipates that the ongoing funding will allow for annual improvement projects to the database and the ability to quickly fix any future errors with the database.

The proposed solution supports two goals in the Department's FY 2014-15 Performance Plan. First, it supports the SharePoint Management goal under the Department's Technology strategy because it moves a frequently used internal resource into SharePoint, helping to make SharePoint a more integral part of internal Department processes. Second, it supports the Fraud, Waste & Abuse Prevention goal under the Department's Financing strategy because it ensures that the TCN database is maintained, which is an important tool for identifying fraudulent claims and ensures that providers are not audited more than once for a single claim, as required by state statute.

Benefits Utilization Services Application

The extra resources to finish the BUS projects would be one half-time contracted Business Analyst and one full-time contracted ColdFusion Developer hired through an OIT contractor. The Department would pay for this work by interagency transfer to OIT in FY 2014-15 and FY 2015-16; however, in FY 2016-17, the Department would pay for this work through common policy.

The anticipated outcome would be to double the rate of progress on BUS projects. The Department would know this is successful if the backlog of high-priority BUS projects declines and projects are able to be completed without significant delay.

The proposed solution supports two goals in the Department's FY 2014-15 Performance Plan. First, it supports the Benefit/Program Design goal under the Department's Customer strategy by ensuring that the BUS, a resource critical to the care of LTSS clients, is well-maintained and contains accurate client information. Second, the proposed solution supports the Cost Containment goal under the Department's Financing strategy by helping the Department meet CMS-mandated changes to the BUS and keep client information secure, thereby avoiding loss of federal financial participation in waiver programs and federal fines for security breaches.

Division of Developmental Disabilities Web Application

The Department would pay the Business Objects vendor to update the licenses and thus eliminate compliance issues with the software. The Department would know this is successful if the reporting functionality of DDDWeb continues uninterrupted.

The proposed solution primarily supports one goal in the Department's FY 2014-15 Performance Plan. It supports the Benefit/Program Design goal under the Department's Customer strategy by ensuring that DDDWeb, which is a critical resource for managing the care of clients with intellectual and developmental disabilities, is kept functional without interruption and able to support timely care.

Assumptions and Calculations:

For detailed calculations, refer to Tables 1 through 3 in the attached appendix.

For the Audits Database, the Department assumes restoration of reporting functionality would cost \$20,544 one-time and annual maintenance and support would cost \$10,000 per year based on OIT estimates. If this request is approved, the Department assumes funding would be available by mid-March 2015. Thus, the Department assumes work to restore the reporting functionality would be performed between mid-March 2015 and the end of FY 2014-15. The Department assumes ongoing annual maintenance would begin in FY 2015-16, as shown in Table 2. The Department assumes CMS would pay for 50% of this cost, as shown in Tables 1.1 through 1.3.

For the TCN Database, the Department assumes the migration into SharePoint would cost \$25,000 and annual maintenance and support would cost \$10,000 per year based on OIT estimates. Assuming that supplemental funding would be available by mid-March 2015 if approved, the Department assumes the migration would be completed during the period of April through June 2015. Thus, the full migration cost would be incurred in FY 2014-15, as shown in Table 2. The Department assumes annual maintenance would begin July 2015, with the full amount of \$10,000 incurred in FY 2015-16 and ongoing, as shown in Table 2. The Department assumes CMS would pay for 50% of the migration and annual maintenance and support costs, as shown in Tables 1.1 through 1.3.

For the BUS, the Department assumes a half-time OIT Business Analyst would cost \$65,000 per year and a contracted ColdFusion developer would cost \$260,000 per year based on OIT estimates. Assuming that supplemental funding would be available by mid-March 2015 if approved, the Department assumes these positions would begin work April 2015. This implies a prorated cost of \$16,250 for the half-time OIT Business Analyst and \$65,000 for the ColdFusion developer in FY 2014-15, with the full year cost of these positions being incurred in FY 2015-16 and FY 2016-17, as shown in Table 2. The Department assumes CMS would pay for 50% of these positions, as shown in Tables 1.1 through 1.3.

For the DDDWeb, the Department assumes upgrading the Business Objects license would cost \$211,881 based on an estimate from the vendor, SAP. The Department assumes this cost would be incurred in FY 2014-15, as soon as supplemental funding is available, if the request is approved. As shown in Table 3, the Department is able to cover \$30,000 of this expense within existing appropriation, leaving a requested need of \$181,881. The Department assumes CMS would pay for 50% of the license cost, as shown in Table 1.1.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This meets supplemental criteria because new information was received from OIT and system vendors. This supplemental was the soonest this new information could be addressed in the state budget process.

S-8, BA-8 Legacy Systems and Technology Support
Appendix A: Assumptions and Calculations

Table 1.1 - Summary by Line Item for FY 2014-15					
Line Item / Description	Total Funds	General Fund	Federal Funds	Federal Match Rate	Source
Total Request	\$308,675	\$154,338	\$154,337		
(1) Executive Director's Office; (A) General Administration, General Professional Services	\$308,675	\$154,338	\$154,337	50%	Table 2, Row H
(1) Executive Director's Office; (A) General Administration, Payments to OIT	\$0	\$0	\$0		

Table 1.2 - Summary by Line Item for FY 2015-16					
Line Item / Description	Total Funds	General Fund	Federal Funds	Federal Match Rate	Source
Total Request	\$345,000	\$172,500	\$172,500		
(1) Executive Director's Office; (A) General Administration, General Professional Services	\$345,000	\$172,500	\$172,500	50%	Table 2, Row H
(1) Executive Director's Office; (A) General Administration, Payments to OIT	\$0	\$0	\$0		

Table 1.3 - Summary by Line Item for FY 2016-17					
Line Item / Description	Total Funds	General Fund	Federal Funds	Federal Match Rate	Source
Total	\$345,000	\$172,500	\$172,500		
(1) Executive Director's Office; (A) General Administration, General Professional Services	\$0	\$0	\$0		
(1) Executive Director's Office; (A) General Administration, Payments to OIT	\$345,000	\$172,500	\$172,500	50%	Table 2, Row H

Table 1.4 - Summary by Line Item for FY 2017-18 and Ongoing					
Line Item / Description	Total Funds	General Fund	Federal Funds	Federal Match Rate	Source
Total	\$20,000	\$10,000	\$10,000		
(1) Executive Director's Office; (A) General Administration, General Professional Services	\$0	\$0	\$0		
(1) Executive Director's Office; (A) General Administration, Payments to OIT	\$20,000	\$10,000	\$10,000	50%	Table 2, Row H

S-8, BA-8 Legacy Systems and Technology Support
Appendix A: Assumptions and Calculations

Table 2 - Calculation of Requested Funding						
Row	System / Description	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 and Ongoing	Source
	Audit database					
A	Restore Reporting Functionality	\$20,544	\$0	\$0	\$0	OIT estimate
B	Annual Maintenance and Support	\$0	\$10,000	\$10,000	\$10,000	OIT estimate
	TCN database					
C	Migrate to SharePoint	\$25,000	\$0	\$0	\$0	OIT estimate
D	Annual Maintenance and Support	\$0	\$10,000	\$10,000	\$10,000	OIT estimate
	BUS					
E	OIT Business Analyst (0.5 FTE)	\$16,250	\$65,000	\$65,000	\$0	OIT estimate, FY 2014-15 is prorated
F	Contracted ColdFusion Developer	\$65,000	\$260,000	\$260,000	\$0	OIT estimate, FY 2014-15 is prorated
	DDDWeb					
G	Update Business Objects Licensing	\$181,881	\$0	\$0	\$0	Table 3, Row C
H	Total	\$308,675	\$345,000	\$345,000	\$20,000	

S-8, BA-8 Legacy Systems and Technology Support
Appendix A: Assumptions and Calculations

Table 3 - Calculation of DDDWeb Need					
Row	Description	Total Funds	General Fund	Federal Funds	Source
A	Cost to update Business Objects Licensing	\$211,881	\$105,941	\$105,941	Estimate from vendor
B	Existing Appropriation	\$30,000	\$15,000	\$15,000	Out of the Department's line item (4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities, Community and Contract Management System
C	Incremental Need	\$181,881	\$90,941	\$90,941	Row A - Row B