PROGRESS REPORT ON THE

ELECTRONIC HEALTH AND HUMAN RESOURCES (eHHR) PROGRAM

VIRGINIA'S MEDICAID MODERNIZATION SOLUTION

AUGUST 2013

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Executive Summary

This report reflects our on-going review of the eHHR Program Management Office and the information technology projects it is overseeing, which is a $151.8 million joint investment between Virginia and the federal government. These projects and the management of the eHHR Program Management Office represent the development of the information technology infrastructure that will improve Virginia's ability to administer effective social services, support Medicaid expansion, a Health Benefits Exchange, and compliance with other aspects of the Patient Protection and Affordable Care Act of 2010.

Our review hopes to detect problems at the earliest possible point and inform and alert decision makers so that they can take action to reduce potential failures. In this report, we highlight the progress of the eHHR Program Office and identify risks and make recommendations where applicable to improve both program and project management practices.

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electronic Health and Human Resources (eHHR) Program

Background

In April 2011, the Auditor of Public Accounts (APA) began monitoring the Commonwealth's efforts to modernize its Health and Human Resource systems and processes, referred to as the electronic Health and Human Resources (eHHR) Program. We issued our first eHHR report in June 2012 and it included historical information regarding the Patient Protection and Affordable Care Act (the Act), a description of the eHHR Program Office (Program Office), and a list of expected projects, their budgets and timelines. That report identified eight program risks and is available at www.apa.virginia.gov.

This report focuses on program and project activities since our last report and evaluates whether the previously reported program risks continue to exist, see Appendix C. This report concentrates on three distinct items: 1) significant events since our last report, 2) program progress and structure, and 3) related funding considerations.

Significant Events

In June 2012, The Supreme Court of the United States upheld the provisions of the Patient Protection and Affordable Care Act (Act) with one exception. That exception made Medicaid expansion optional for states by removing the ability of the Centers for Medicare and Medicaid Services (CMS) to withhold Medicaid payments for non-participating states.

The Supreme Court decision did not affect Medicaid eligibility improvement requirements or funding, and therefore the Act continues to mandate that states improve their Medicaid eligibility application process by October 1, 2013. The Commonwealth's improvement solution is to replace its legacy eligibility systems with modern systems that will address the growing population of citizens needing health and human resource services, and the federal government continues to provide enhanced reimbursement for the costs associated with this modernization effort.

Regarding Medicaid expansion, the 2013 General Assembly session made expansion contingent upon additional Medicaid reforms and created the Medicaid Innovation and Reform Commission, which is tasked with evaluating the sufficiency of the Medicaid reforms. Once the Commission agrees that sufficient reforms are made, Medicaid expansion will occur. Stakeholders agree that expansion is unlikely to take place before July 1, 2014.

Update on Medicaid Information Technology Architecture (MITA) Projects

As discussed in our prior report, states must comply with the MITA standards when they modernize their Medicaid eligibility systems. MITA is a joint initiative between the CMS and the Center for Medicaid and State Operations to standardize business processes, data, and technology maturity. This initiative will also help prepare states for the expansion of the Medicaid program. These standards apply to three areas: business architecture, information architecture, and technical architecture. By complying with MITA standards, states will create

common information technology components that will support access to data by state and other medical agencies.

To comply with MITA and to promote and implement enterprise solutions for data sharing, the eHHR Program developed the three projects listed in Chart 1 below. At the time of our first report, stakeholders considered these projects to be the critical projects for the eHHR Program's success. Since then, the Virginia Information Technologies Agency (VITA) completed the Enterprise Data Management (EDM) Project. In addition, the Service-Oriented Architecture Environment (SOAE) and EDM Projects have implemented a functional joint Competency Center. The Competency Center contains the resources, knowledge, and skills needed to assist other agencies wanting to use the SOAE and EDM products. Commonwealth Authentication Service (CAS) services will eventually also be added to the Competency Center.

Chart 1

Projects to Comply with MITA

Project	Description	Anticipated completion
Enterprise Data Management (EDM)	Is "Emmitt Smith" the same person as "E. M. Smyth?" EDM's sophisticated logic will bring together data from multiple sources to provide a single, "trusted" view of data entities.	Completed Spring 2013
Commonwealth Authentication Service (CAS)	Offered by the Department of Motor Vehicles (DMV) in collaboration with the Virginia Information Technologies Agency (VITA), CAS will provide improved verification of identity, expediting citizens' access to services while protecting against identity theft and fraudulent activities.	Summer 2013
Service-Oriented Architecture Environment (SOAE)	A suite of several tools will expedite connecting legacy applications to new services, support sharing and reuse of Web services across agencies, facilitate the automation of business rules, and much more.	Fall 2013

During development, these projects had many interdependencies, meaning that the completion of tasks within one project impacted the success of tasks in the other projects. Our June 2012 report, prior Program Risk #5, emphasized the importance of identifying and monitoring these interdependencies to ensure project success. Over the past year the respective project managers worked closely to identify and manage the interdependencies.

Successful completion of the MITA projects are still important to the eHHR Program vision, but since they are nearly complete, stakeholders now view other projects, such as the Modified Adjusted Gross Income (MAGI) Project discussed below, as the most critical in terms of time requirements and compliance with the Act.

Current Status

The MAGI Project, being developed by the Department of Social Services (Social Services), is a modern, web-based eligibility and enrollment system that Commonwealth citizens will use when applying for Medicaid or Children's Health Insurance Program (CHIP) benefits. The MAGI Project will allow for the near real-time, automated eligibility determination for many applicants and reduce the workload for local departments of Social Services.

CMS identified the minimum critical factors that define MAGI's success, which includes but are not limited to 1) the ability to accept applications, 2) specific eligibility rules engine, and 3) connections with the Federally-facilitated Health Benefits Exchange (HBE). Social Services developed a plan to accomplish these requirements by the Act's October 1, 2013, deadline and contracted with Deloitte, LLC in December 2012 for development and implementation services.

The Act's October 1, 2013, mandated deadline puts the MAGI project on a very tight ten-month schedule, thereby increasing project risk. Offsetting this risk is a highly committed MAGI project team that monitors tasks closely. If Social Services cannot meet the October 2013 deadline, it will have to execute its contingency plans, which will require performing costly manual processes.

In addition to the CMS identified critical success factors, the MAGI project plan includes requirements to use the tools created by the MITA projects as described previously. Incorporating the MITA tools will help them become a Commonwealth enterprise solution for data sharing, which is part of the Secretary of Health and Human Resources' Strategic Vision for the eHHR Program. The requirements for MAGI to use the MITA tools are not subject to deadlines outlined in any federal or state requirement; however, they are expected to be incorporated from the eHHR Program onset and, therefore, remain as priority tasks for the successful completion of MAGI.

Program Risk #1-2013

As described in our prior Program Risk #4, the MAGI project is currently the most critical project within the eHHR Program due to the October 1, 2013, federal mandate. Social Services is developing this project within a compressed timeline and with a prescribed deadline; therefore, increasing the risk that the project will not meet its schedule. Because of the time constraints for complying with the Act, the MAGI Project Managers should ensure that resources are dedicated to the October 1, 2013, deadline critical tasks before allocating resources to additional strategic vision requirements beyond the priority tasks such as the integration to MITA tools.

Purpose of the eHHR Program

Industry best practices define a program, like a project, as a temporary endeavor undertaken by a lead organization to develop a unique product or service. The eHHR Program Office was created to manage and promote eHHR projects that will improve healthcare and human services. It is the eHHR Program Office's responsibility to communicate the progress, status, issues, and risks for the program to stakeholder groups in an understandable and timely manner.

Since our last report, the eHHR Program Office made operational improvements and completed required program management plans to comply with industry best practices and address our prior Program Risk #3. Through the formal adoption of program office plans and with additional training, stakeholders gained an increased understanding of the eHHR Program Office operations. Many project managers also adopted the eHHR Program Office's planning documents, rather than creating their own, thereby reducing their workloads and management overhead.

The eHHR Program Office also created a central document repository to allow users to share and access plans and documents through the Internet. In this central repository, the eHHR Program Office maintains the current project plans for each of the projects and the eHHR Program Office requires that project managers update their project plans on a weekly basis. Unfortunately, this update does not always happen timely and the eHHR Program Office has no enforcement mechanism to ensure it does.

To improve coordination and oversight and to address our prior Program Risk #5, the eHHR Program Office consolidated each project's critical milestones into one project plan, developing a master project list. The project managers self-report the critical milestones to the eHHR Program Office, and this master project list serves as the focal point for weekly coordination meetings. However, because the weekly meeting only examines scheduled tasks for the coming seven workdays, the potential exists that the eHHR Program Office will not identify and address upcoming risks as early as possible.

As a specific example, multiple projects recently required VITA resources, which are limited, at the same time. The eHHR Program Office did not identify or discuss these conflicting resource requirements at its weekly coordination meeting until the milestone was one week away from its completion due date. This resulted in the eHHR Program Office being unaware that the CAS project was not receiving its hardware infrastructure from VITA when required. In response, VITA compressed the delivery schedule to make up some of the lost time, but the hardware was configured incorrectly when delivered. These issues caused the CAS timeline to slip further, placing other critical requirements at risk. If the CAS timeline continues to slip, the eHHR Program Office will likely not be ready for the next required CMS status review and the MAGI Project will be at risk of not meeting the October 1, 2013, deadline.

Program Risk #2-2013

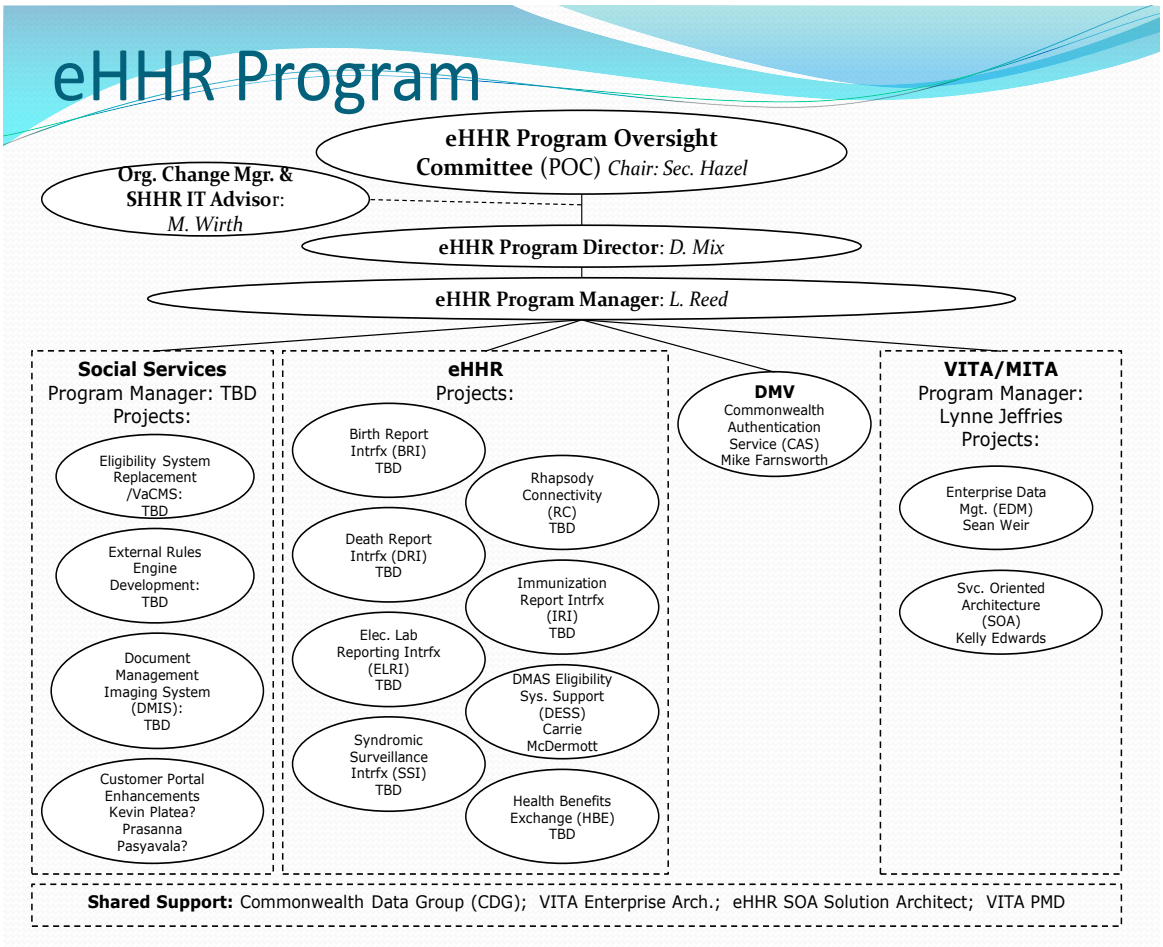
Although the eHHR Program Office is not responsible for managing the individual projects, it is responsible for coordination, communication, interdependencies, and interactions between the projects. The current level of self-reporting allows for external dependencies and resource constraints to go unidentified until a crisis arises.

The eHHR Program Office should inquire about critical future external dependencies associated with the self-reported milestones, not just those due within the next seven business days. This would allow the eHHR Program Office to more clearly identify items such as resource limitations as early as possible and discuss strategies to resolve any problems.

When initially created, the eHHR Program Office was chartered to manage between 13-16 related projects that would implement systems, business processes, and organizational changes. Chart 2 below, illustrates the organizational structure developed by the eHHR Program Office as defined in its program charter.

Chart 2

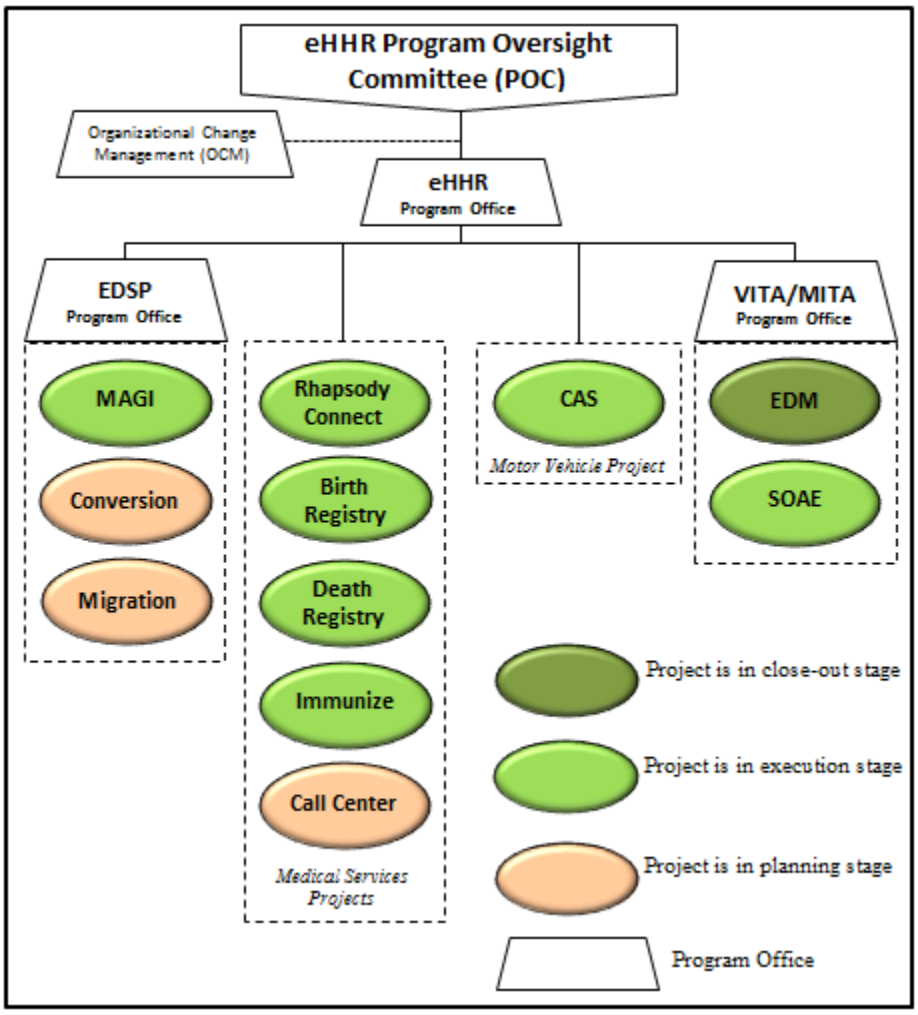
eHHR Organizational Chart



Over the past year, as requirements and resources have been refined, the projects within the eHHR Program Office have been adjusted, as illustrated in the Chart 3 below. As a specific example, Social Services established the Deloitte contract, mentioned earlier, to execute the four Enterprise Delivery System Program (EDSP) projects shown in the chart above. To more efficiently manage these projects, Deloitte requested that the projects be realigned and defined as three projects as seen below in Chart 3 below. The eHHR Program Oversight Committee (POC), the governing body of the eHHR Program, approved this request, and CMS approved the related funding for this update. We discuss funding later in this report.

Chart 3

Current Structure of the eHHR Program



Additional structural changes include the creation of the EDSP Program Office to provide management for the MAGI, Conversion, and Migration Projects and the removal of four projects/initiatives from the eHHR scope: Electronic Lab Reporting, Syndromic Surveillance, DMAS Eligibility System Support, and Health Benefits Exchange (HBE). The first two projects/initiatives that were removed had no funding, and the Commonwealth decided to use the

federally facilitated Health Benefits Exchange instead of creating a state-run exchange; therefore, the HBE project was no longer needed.

When the eHHR Program Office removed the first two projects/initiatives, it properly executed its documented change control process. The change control process assesses the impact of the change on the program in its entirety, including all individual projects within the program, and stakeholders have the opportunity to review the changes prior to a final decision. However, when the eHHR Program Office removed the HBE project, it did not follow its change control process and this may have contributed to a component of the HBE Project, the Call Center, being inadvertently removed from the scope of the project.

The Call Center is a critical requirement for successful compliance with the Act as it allows Social Services to accept Medicaid/CHIP applications by telephone. Since the eHHR Program Office manages the program and its projects at the critical milestone level (i.e. milestones for the next seven working days for active projects only) the eHHR Program Office did not identify this missing requirement for several months. Once identified as missing in early May 2013, the Secretary of Health and Human Resources directed DMAS to create the Call Center project to comply with the Act by October 1, 2013. The Call Center project will require management to procure a vendor and a system within five months and this shortened window adds risk to the eHHR Program.

The eHHR Program Office also reports three candidate projects at the monthly POC meetings: Temporary Assistance for Needy Families (TANF) Automation, Community Reentry, and Wounded Warriors Projects (See Appendix A for project descriptions). The eHHR Program Office is considering including these candidate projects into the eHHR Program; however, these projects have not yet been reviewed through the program change control process to ensure they are appropriate for inclusion in the eHHR Program.

In addition, the candidate projects are not documented in the eHHR Program Charter, the Secretary of Health and Human Resources' Information Technology Strategic Plan, or the Commonwealth Technology Portfolio. The Commonwealth's Project Management Standard requires that agencies report all projects through the Commonwealth Technology Portfolio, the executive branch repository for technology investments. Given the unavailability of candidate project information, we cannot identify any dependencies between these candidate projects and the other on-going projects within the eHHR Program Office. Additionally, Virginia was just awarded a TANF Automation Project grant. This violates the Commonwealth Information Technology Project Management Standard, which requires a business case approval from the Commonwealth's Chief Information Officer (CIO) prior to submitting any grant application containing a proposed technology investment.

Program Risk #3-2013

As noted in our prior Program Risk #7 and #8, the eHHR Program Office should follow the Commonwealth's Information Technology Investment Management (ITIM) Standards and the Commonwealth's Information Technology Project Management (PM) Standards for all projects within the program.

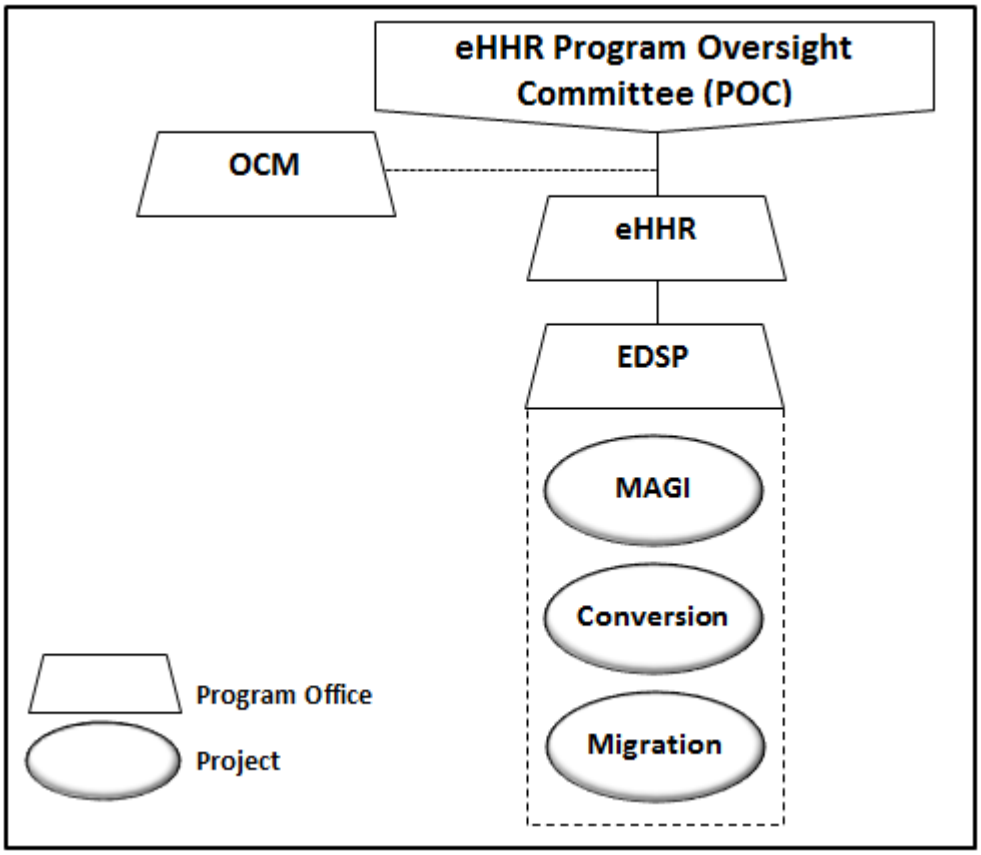
The ITIM Standards require that all projects be subject to a selection process to ensure that they meet an existing business need and are in alignment with the Commonwealth's Information Technology Strategic Plan. The standard requires the CIO to approve tentative projects prior to them being considered for execution. Therefore, the eHHR Program Office should develop documents stating the business case for all candidate projects and submit them to the CIO for his consideration.

The PM Standards require any changes to scope, resources, or time to be subjected to an appropriate level of change management. Since projects represent the scope of a program, the eHHR Program Office should implement its change control program whenever a project is being considered for removal from or inclusion into the program to ensure critical tasks are not overlooked and dependencies are identified.

By the end of calendar year 2013, eight of the eleven projects within the eHHR Program Office are scheduled to be completed. In addition, the candidate projects mentioned above will share a common architecture and require the services of the Competency Center, but aside from common architecture, the eHHR Program Office has not identified any interdependencies associated with the candidate projects. Therefore, the remaining structure by the end of calendar year 2013, illustrated below in Chart 4, consists of the eHHR Program Office governing the EDSP Program Office, which appears to represent a redundant structure of oversight and control.

Chart 4

Anticipated eHHR Program Office Structure, as of January 1, 2014

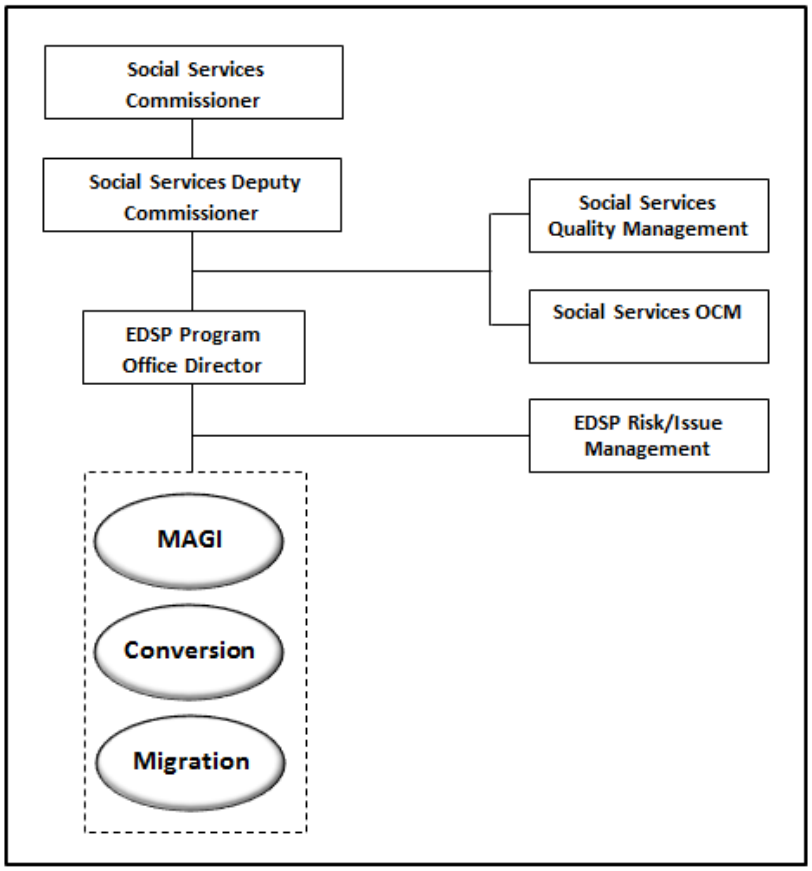


Additionally, Goal 5 of the eHHR Program is to provide a program management infrastructure that each chartered project can leverage to eliminate duplicative efforts and reduce project management overhead. In the case of one program office leading another program office, duplicative efforts exist, project management overhead is increased, and program direct costs are greater than the project savings.

An expanded view of the EDSP Program, as seen in the Chart 5 below, shows that the EDSP Program includes its own organizational change management, risk management, and quality management divisions, similar to the functionality provided by the eHHR Program Office.

Chart 5

EDSP Program Hierarchy



After October 1, 2013, the eHHR Program Office has not identified any additional dependencies between the remaining and potential projects, described in detail in Appendix A, and the EDSP projects. According to industry best practice, if the relationship among the projects is only one of shared technology or resource, the effort is not a program. Currently, architecture and funding are the only shared relationships between the EDSP projects and the remaining projects; therefore, if the program remains on schedule, we believe there is no longer sound justification for the eHHR Program Office to exist after January 2014. We agree, however, there may still need to be a governance/oversight function within the Secretary of Health and Human Resources office to ensure the long-term vision of cooperation and coordination among agencies and across Secretariats continues, but this function is beyond the scope of the eHHR Program Charter.

Program Risk #4-2013

If the program remains on schedule, the eHHR Program Office will be managing only the Social Services EDSP Program Office in January 2014. Industry best practices define program management as a group of related projects managed together to obtain benefits not available from managing them individually.

The eHHR Program Oversight Committee (POC) should periodically assess when the eHHR Program is expected to reach the end of its life-cycle and plan for its close-out. When making the determination, the eHHR POC should consider the following:

- *Does the Program continue to provide benefits not available if the projects are managed individually?*
- *Are all projects within the Program related by a common goal?*
- *Does the Program Office remove redundant work requirements or add additional requirements?*
- *Do the added benefits received from operating the Program exceed the added costs?*

The Secretary may need a governance/oversight function for potential future projects under consideration, but this function is beyond the scope of the eHHR Program Office as chartered and approved by VITA's Project Management Division (PMD). If so desired, the Secretary may consider creating a governance/oversight function that reports to him, but outside of the current eHHR Program Office. This would allow the eHHR Program Office to close-out and for the systems within its scope to become operationalized.

Funding

The eHHR Program is funded by General funds and Federal funds from two federal entities, CMS and the Department of Agriculture. Each federal entity provides funding to specific programs, projects, contractors, and employees.

The majority of the eHHR Program funding is authorized by the two distinct federal advanced planning documents approved by CMS: Virginia Health Information Technology (HIT) and Virginia Eligibility and Enrollment (E&E). Both funding authorizations require the Commonwealth to match a share of the funding and these sources are listed in Chart 6 below.

Chart 6

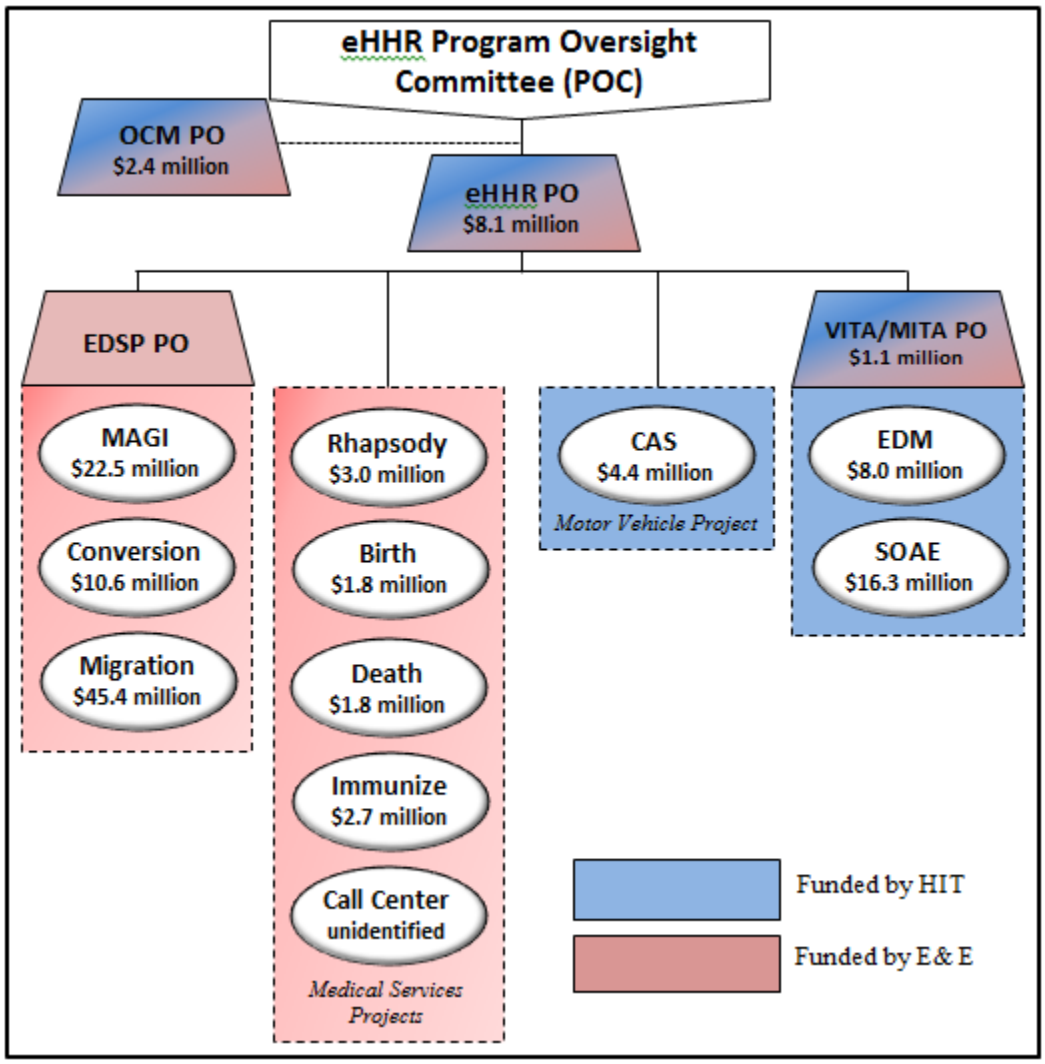
Funding Summary

Funding Source	Commonwealth	Federal	Total
HIT	$ 4,735,452	$147,026,025	$151,761,477
E&E	13,748,800	90,941,200	104,690,000
Total	$18,484,252	$237,967,225	$256,451,477

CMS provides over 96 percent of HIT funding and nearly 87 percent of the E&E funding, leaving the Commonwealth with a relatively small financial obligation. Approximately $33.6 million of the $151.8 million in HIT funding is authorized for the MITA projects, described previously, and the remaining $118.2 million is scheduled to be used for provider incentive payments, which are outside the scope of the eHHR Program. All of the $104.7 million E&E authorized funding is related to the EDSP projects. Chart 7 below provides a more detailed illustration of how nearly all of the funding is distributed among the program offices and projects.

Chart 7

eHHR Program Structure with Funding Sources



Each of the projects above are managed with its own budget (see Appendix B) which includes direct personnel costs. Chart 8 below outlines the costs associated specifically with the eHHR Program Office staff and the ESDP Program Office staff.

Chart 8

Program Management Office Personnel Costs

Category	No. of Staff	Average Hourly Cost per Person	Average Annual Cost per Person	Monthly Cost	Annual Cost
eHHR Program Staff	7	$47	$97,463	$56,853	$ 682,240
eHHR Program Staff, Contracted ***+**	3	$139	$288,427	72,106	865,280
eHHR OCM Staff, Contracted+	1	$209	$434,720	36,227	434,720
eHHR Program Office				$165,186	$1,982,240
EDSP Program Staff	8	$75	$156,375	$104,250	$1,251,000
EDSP Program Staff, Contracted	2	$143	$297,144	49,524	594,288
EDSP Program Office				$153,774	$1,845,288

***** Contract for full-time contractors is for two years: December 2011 through December 2013, with an extention clause.

+ Four Organizational Augmentees were hired for a six month period. One was assigned to the eHHR Program Office and three to Organization Change Management (OCM). Due to the short term nature of employment, their rates were not included in this chart. If included, the monthly cost for eHHR Contracted Staff would increase by $13,000 and OCM would increase by $39,000.

The EDSP Program Office staff costs are allocated as indirect costs among all of the EDSP projects. Specifically, the $1.8 million of annual EDSP personnel costs identified above is allocated and included in the $22.5 million for MAGI, $10.6 million for Conversion, and $45.4 million for Migration, and these costs are associated with the personnel needed to manage the day-to-day implementation of these projects. The eHHR Program Office costs are set apart in the funding documents and are not considered part of an individual project.

As depicted earlier in Chart 4, by January 2014 the remaining eHHR Program Office structure will consist of the eHHR Program Office governing the EDSP Program Office, which is a redundant structure. The monthly cost to have both program offices involved will be $319,000; $165,186 and $153,774 attributable to the eHHR and EDSP Program Office's, respectively. Since the EDSP Program Office costs include the salaries of the various project managers and development staff, which are essential for sucessful project development, it can not be eliminated. Therefore, the eHHR Program Office seems to be the best candidate for elimination in order to avoid redundancy and save money.

Program Risk #5-2013

When assessing the end of the eHHR Program life-cycle (see Program Risk #4-2013), the POC should also consider the additional expense the eHHR Program will incur to coordinate and manage processes already being performed by the EDSP Program Office.

Risk – Consent/Data Sharing

The ability to share data across Commonwealth, federal agencies, and other partners, continues to be an obstacle for achieving the eHHR Program vision of improving business processes and operational efficiencies. Current state and federal laws restrict agencies from readily sharing Medicaid recipient information and while this does not have an impact on meeting the Federal mandates of October 1, 2013, it does impact the Secretary's strategic vision of the MITA projects becoming a Commonwealth enterprise solution.

Prior Program Risk #6 from our last report indicated that the Governor planned to re-introduce data sharing legislation in an effort to remove state barriers to data sharing. The Governor did not pursue this legislation and, therefore, the data sharing issues between agencies remain unresolved. In the absence of legislative changes, the eHHR Program Office is pursuing two separate initiatives to enable data sharing: *informed consent* and a *multi-agency data sharing agreement*.

Informed consent requires citizens to decide whether to voluntarily allow the Commonwealth to share their personal data with other specified agencies. The eHHR Program Office and the Office of the Attorney General (OAG) have worked together on consent language since the eHHR Program's inception, with the OAG's involvement to ensure the protection of the citizens' interests. The OAG approved the wording of Social Services' specific consent language in late May 2013. This wording allows consented user profile information to be shared between Social Services, the Department of Motor Vehicles, and VITA. The OAG would need to approve additional consent language before other agencies could share personal data, resulting in realizing the Secretary of Health and Human Resources' Strategic Vision of establishing a Commonwealth enterprise solution that improves data sharing.

Social Services plans to start collecting citizen consent in October 2013, at the same time the Commonwealth begins accepting MAGI applications. However, these two events are not dependent upon each other. The ability to receive consent from the citizens is an initiative that is separate from the ability to accept Medicaid applications as required by the Act and, therefore, does not add additional risk to the October 1, 2013, mandate.

Regardless of the availability of informed consent, some data is legally shareable across agencies. Where data is shared, involved parties must have a data sharing agreement. The eHHR Program is seeking to create a *multi-agency data sharing agreement* that will outline the roles, rights, and responsibilities of all agencies using shared data. Important issues, such as security protocols and procedures, and specific actions that must be followed if an agency no longer wishes to participate, will be included in the agreement. This agreement is being reviewed by the OAG to ensure that the citizens' rights are protected and to ensure that critical gaps do not exist. The eHHR Program views this multi-agency agreement to be a more efficient method for managing data sharing compared to having many agency-to-agency agreements. The POC and eHHR Program Office are both actively involved in following this initiative.

Program Risk #6-2013

Currently, very few agencies have obtained legal consent to share Commonwealth citizen information with one another. In addition, federal and state laws continue to restrict agencies from readily sharing recipient information. However, the eHHR Program scope requires the use of the MITA project tools and without the ability to share citizen data, the tools will not realize the strategic goal of being a Commonwealth enterprise solution for data sharing.

The Secretary of Health and Human Resources should continue to work with the OAG to develop additional enhanced data sharing agreements so that Commonwealth agencies can share citizen data and realize the efficiencies of the MITA framework.

Conclusion

Since our last report the eHHR Program has successfully completed or nearly completed all the MITA related projects and is on schedule to meet the Act's October 1, 2013, deadline, with the exception of the Call Center, whose schedule is high risk. There is still a significant amount of work required before the MAGI component of the new Eligibility system is in place, but all involved entities are mindful of the deadline and appear to be on task.

Our report identifies program risks and includes recommendations to ensure the remaining projects stay on schedule. Additionally, we recommend the eHHR Program Oversight Committee begin a discussion regarding the future of the eHHR Program, when it should be considered complete, whether less costly state employees can effectively continue the eHHR Program Office activities after December 2013, and how to minimize costs by ensuring redundant program oversight activities are not performed.

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

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August 13, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We are actively reviewing the Commonwealth's electronic Health and Human Resources (eHHR) Program and its related systems development projects and submit our report entitled**, "Progress Report on the Electronic Health and Human Resources (eHHR) Program, Virginia's Medicaid Modernization Solution"** for your review.

This report describes the eHHR Program history, activities, status, and current program risk, and we verified the accuracy of this information with the Secretary of Health and Human Services. We intend to continue to monitor the eHHR Program and its related systems development projects and provide periodic reports as needed.

AUDITOR OF PUBLIC ACCOUNTS

KKH/clj

COMMONWEALTH of VIRGINIA

Office of the Governor

William A. Hazel, Jr., MD
Secretary of Health and Human Resources

August 13, 2013

Tracy A. Surratt
Senior Specialist
Information Technology Project Management
Auditor of Public Accounts
Commonwealth of Virginia
101 North 14th Street, 8th Floor
Richmond, VA 23219

Dear Ms. Surratt,

Thank you for the support shown towards the eHHR system modernization efforts. The eHHR team is doing a terrific job ensuring this major program remains on-track to provide Virginians with the improved services they deserve. In many ways this is a groundbreaking project for multiple state agencies, requiring solid leadership, guidance and oversight.

I appreciate the opportunity to review and comment on the APA's most recent eHHR audit report. The report is a very useful tool to the eHHR management team. Recommendations in the report are being reviewed and will be acted on. There are a few places where my eHHR team would like to offer additional comments:

1) Program Risk #2-2013 – the eHHR Program office utilizes several processes and methodologies to identify and manage agency project risks proactively and with a timeline well ahead of the 7 days noted in the APA report. One example, the eHHR Risk Register, is used to identify and manage risks as far as 10-12 months in advance. The team meets bi-weekly to coordinate efforts on the Risk Register.

2) Program Risk #4-2013 - the eHHR Program office, working in conjunction with DMAS and DSS, has defined an enterprise development plan for eHHR well into 2016. This development plan includes many significant deliverables which will require the oversight of a cross-agency Program Office to coordinate efforts. The development plan includes :
    - Completion of CMS MAGI requirements through 2014;
    - Integration of additional Medicaid programs for Aged, Blind and Disabled and Long Term Care citizens with VaCMS in 2015;

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- Proposed expansion of the CoverVA call center to support SNAP and TANF programs;
- Extensions to the CAS and EDM enterprise services as activities above move forward.

One of the greatest benefits of the eHHR program has been the coordination among the agencies involved in the various projects. Continued coordination will be critical to the successful implementation of ongoing and future projects.

I look forward to our continued efforts working together. Please do not hesitate contact me or any member of the eHHR management team with any questions.

Sincerely,

William A. Hazel, Jr., M.D.

Cc: Matthew Cobb, Deputy Secretary of Health and Human Resources
Michael Wirth, Special Advisor on eHHR Integration
David Mix, eHHR Program Director
Larry Reed, eHHR PMO, Program Office Manager

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David Mix
Program Director

Larry Reed
Program Manager

Mike Wirth
Organizational Change Manager

Appendix A

Projects within the eHHR Program

This appendix provides additional detail on the projects within the eHHR Program. Chart A-1 provides information related to projects that have been approved for development. Chart A-2 provides known information related to candidate projects.

Chart A-1

Projects in Execution or Detailed Planning Stages

Project	Description	Expected completion
Modified Adjusted Gross Income (MAGI)	This project will implement the minimal requirements for compliance with the Affordable Care Act (PPACA) by incorporating a single Medicaid case management system for MAGI Medicaid and CHIP into Social Services current case management system (VaCMS). The project will also establish the foundational functionality and existing interfaces with an initial implementation focus of the Medicaid programs. This project is in execution.	December 2013
Conversion	This project will perform data conversion from the legacy case management systems, ADAPT and CHAMPS, to the current VaCMS. This conversion will take place through attrition as current members reapply for benefits annually. Upon completion, the ADAPT system will be discontinued for Medicaid use and CHAMPS will no longer be used to management CHIP. This project is in detailed planning.	April 2015
Program Migration	This project will implement a single case management system for Supplemental Nutrition Assistance Program (SNAP), Disaster SNAP (DSNAP), Temporary Assistance for Needy Families (TANF), Low-Income Home Energy Assistance Program (LIHEAP), and the remaining Medicaid categories by modifying VaCMS and performing data conversion from the legacy case management systems ADAPT and LIHEAP. It will also complete the document management Imaging Solution which was begun in the MAGI project. This project is in detailed planning.	December 2015

Appendix A

Project	Description	Expected completion
Rhapsody Connectivity (RC)	The Orion Rhapsody data integration engine is used by the Department of Health to facilitate the accurate and secure exchange of electronic data using the MITA projects. The Department of Health will use Rhapsody for messaging. This project is in execution.	December 2013
Birth Registry Interface (BRI)	This project will establish a birth reporting service/interface between the birth registry and the MITA projects. The system of record for all birth records will be Virginia Vital Events and Screening Tracking System (VVESTS). The proposed functionality must support an approved data standard which should align with the EDM standards. The project requires use of Health Information Technology Standards and Architecture Committee endorsed messaging standards. This project is in execution.	December 2013
Death Registry Interface (DRI)	This project is designed to establish a death reporting service/interfaces between the death registry and the MITA projects. The service will be supported by an extract of the minimum required fields to identify a death record. Additional development may be required to add a match code (Yes/No) and a Master Patient Index (MPI) placeholder. A publish and subscribe model will be developed so the registry can actively publish new death notices as they occur. This will allow subscribers to trigger appropriate processing based on the notification. This project is in execution.	December 2013
Immunization Registry Interface (IRI)	This project will create an interface between the Immunization Registry maintained at the Virginia Department of Health and the Virginia Department of Social Services. This connection will provide data that is needed to manage social programs, such a child care to low income families. This interface between the Departments of Health and Social Services will use the Rhapsody and SOAE solutions to transmit the immunization data. This project is in execution.	December 2013

Appendix A

Chart A-2

Unchartered Candidate Projects

Project	Description	Expected completion
TANF Automation	Unavailable	Unknown
Prisoner Reentry	The Department of Corrections (Corrections) received funding in the 2013 budget for a Prisoner Reentry program which creates an interface between Corrections' prisoner management system and the VaCMS. This interface will identify prisoners to be released in the upcoming months, check those prisoners information against the eligibility rules for social programs, and return a list of social programs that may be available to those prisoners. Corrections personnel would then assist prisoners in enrolling in the social programs, through CommonHelp, before the prisoners are released. The intent of this program is to reduce the recidivism rate for released prisoners. The eHHR Program seeks to have this project assigned to its responsibility. This would require a Memorandum of Understanding between Corrections and Social Services for this responsibility to be transferred. The Commonwealth approved 100 percent funding for this project from the General fund. $440,000 was appropriated.	Unknown
Wounded Warriors	Unavailable	Unknown

eHHR Program Funding

HIT Funding

The HIT funding supports the development of the MITA initiative and covers the VITA/MITA Program Office costs, the CAS Project, the SOAE Project, and the EDM Project (illistrated in blue in Chart 7 above). Funding is available for the duration of the projects, and all three projects are expected to be completed within budget. The HIT funding also covers a portion of both the the Organizational Change Manager (OCM) costs and the eHHR Program Office costs.

Chart B-1

HIT Funding Breakdown

	Budget	Actual Expenses* (through April 2013)	Remaining
eHHR Program Office	$ 3,023,135	$ 1,747,946	$ 1,275,189
eHHR OCM	642,606	446,106	196,500
VITA/MITA Program Office	1,107,954	936,515	171,439
SOAE and EDM Projects	24,394,794	16,928,487	7,466,307
CAS Project	4,408,762	2,785,083	1,623,679
Miscellaneous	55,915	11,739	44,176
Subtotal	33,633,166	22,855,876	10,777,290
Provider Incentive Payments**	118,128,311	2,119,890	116,008,421
Total	$151,761,477	$24,975,766	$126,785,711

*Actual expenses are extracted from the Commonwealth Accounting and Reporting System.
**Provider Incentive Payments are included in the funding but are not considered to be within in the eHHR Program.

E&E Funding

The E&E funding is primarily for upgrading or replacing the eligibility and enrollment systems at Social Services. This funding includes, but is not limited to, the MAGI, Program Migration, and Conversion Projects. These three project have the costs associated with running the EDSP Program Office allocated to them. The E&E funding also supports the eHHR Program Office, the eHHR OCM Office, the VITA/MITA Program Office, the Rhapsody Connectivity Project, the Birth Registry Interface Project, the Death Registry Interface Project, and the Immunization Interface Project (illustrated in pink in Chart 7 above). This source has authorized four additional administrative contractors to work in the eHHR Program Office and the eHHR OCM Office. The total hours worked by these contractors cannot exceed two man-years (4,160 hours). This funding is available for federal fiscal years 2013 through 2016, which coincides with the projects cited above.

Appendix B

Chart B-2

E&E Funding Breakdown

	Budget	Actual Expenses* (through April 2013)	Remaining
MAGI project	$ 22,525,006	$ -	$ 22,525,006
Migration project	45,441,841	-	45,441,841
Conversion project	10,583,153	-	10,583,153
Birth Registry Interface project	1,820,000	54,674	1,765,326
Death Registry Interface project	1,820,000	46,620	1,773,380
Rhapsody Connectivity project	3,066,710	74,991	2,991,719
Immunization Registry Interface project	2,693,290	31,066	2,662,224
MITA Member Management -ADAPT Gap Analysis, Replacement, and Sunsetting	3,920,000	-	3,920,000
Organizational Change Management Support (two contractors)	640,000	-	640,000
eHHR Program Office (personnel)	6,170,000	-	6,170,000
Social Services E&E Enterprise Extension (VITA)	3,340,000	-	3,340,000
VITA/MITA Disaster Recovery (VITA)	1,540,000	-	1,540,000
Miscellaneous program expenses	1,130,000	-	1,130,000
Total	$104,690,000	$207,351	$104,482,649

*Actual expenses to date are extracted from the Commonwealth Accounting and Reporting System.

Follow-Up on Prior Program Risks

Below is a follow-up on the status of program risks identified in our June 2012 report.

Prior Program Risk #1 – Operationalizing Program Office After Beginning Projects

System development best practices call for the eHHR Program Office to complete initiation and planning before starting projects. Doing initiation and planning allows the program office to establish structure and develop tools to control and monitor individual projects. However, as a result of initiatives already undertaken to support MITA, the three projects noted above were started before the eHHR Program Office was staffed and operational.

Although this is not best practice, the Program Office now finds itself in the challenging position of planning for three projects that are already approaching their execution phase while simultaneously planning for its remaining projects. This situation has created uncertainty amongst the current three project teams as to whether they should wait to use Program Office tools and templates; or continue developing their own, as discussed later in Program Risk #8.

This situation has also resulted in the Program Office developing a schedule, budget, and key milestones without actual detailed project schedules, as discussed later in Program Risk # 5. We will continue to monitor the Program Office as it works to create the structure needed to effectively monitor all projects and their impact on meeting the mandated deadlines.

Follow-up
This prior program risk is considered CLEARED because the eHHR Program Office has developed a structure and tools to control and monitor the individual projects.

Prior Program Risk #2 – Healthcare Reform Uncertainty and Timeline Flexibility

The Supreme Court of the United States heard challenges to the Patient Protection and Affordable Care Act of 2010, specifically the Individual Mandate that requires every American to purchase insurance, Medicaid Expansion, and the Severability of the Act. The Supreme Court should rule sometime in June 2012 on each of these issues. The outcome of this case is uncertain and this uncertainty could affect buy-in from stakeholders.

Regardless of the Supreme Court ruling, it is unlikely there will be an effect on the funding of the previously discussed projects. In addition, the federal government will still reimburse 90 percent of the costs to modernize the Medicaid Eligibility system. However, funding is not the only concern for the eHHR Program Office; the Commonwealth may still need to prepare for Medicaid expansion by October 2013.

Key stakeholders in the eHHR Program believe that Congress, the Supreme Court or administrative actions could delay the Medicaid expansion deadline of October 2013. If there is no deadline delay, Virginia must be ready to enroll as many as 350,000 newly eligible citizens. In order to handle the increased population, Virginia has to either have these eHHR projects completed, or have a contingency plan to deal with increased caseloads at local Departments of Social Services.

Follow-up
This prior program risk is considered CLEARED because the Supreme Court ruled on the Patient Protection and Affordable Care Act in June 2012 and, therefore, the program requirements and deadline is known.

Prior Program Risk #3 – eHHR Program Management Office Organizational Structure

We observed tension in the relationship between VITA and the eHHR Program Office. This tension is likely the result of confusion that may exist over the authority and control of the SOAE and EDM projects. As discussed earlier in this report, these projects were started by VITA before the eHHR Program Office was operational and the organizational structure noted in Chart 3 existed. Without an eHHR Program Office, the SOAE and EDM project charters created a reporting structure that involved a SOAE/EDM program manager as well as the Chief Information Officer, and that structure does not conform to the eHHR organizational chart shown above.

Now that the eHHR Program Office is operational, the Secretary of Health and Human Resources needs to determine the proper role within the organizational structure for the Chief Information Officer and document that role within the eHHR Program charter and the organizational structure shown above. In addition, if necessary, the SOAE/EDM project charters should be revised to conform to the eHHR organizational structure.

Follow-up
This prior program risk is considered CLEARED because the eHHR Program Office has developed a structure and working relationship with the other program offices and individual projects.

Prior Program Risk #4 – Eligibility System Replacement Deadline

The Medicaid eligibility system replacement project is both the largest financial investment of the eHHR Program and one of the most critical for the Commonwealth to deal with the Medicaid expansion in October 2013. In order to go live with the new system by the Medicaid expansion target of October 2013, the new system must have CMS' approval and certification in July 2013, or about nine months after DSS hopes to have a signed contract with the vendor.

The shortened window to secure a vendor and replace the eligibility system is a risk to the eHHR Program Office. To minimize the risk that the Commonwealth will not have the system components necessary to meet Medicaid expansion, the eHHR Program has begun planning for that contingency. Contingency plans may include securing funding for and training additional eligibility workers on a part-time basis until the new system goes live. The eHHR Program should continue to develop their contingency plan to ensure the Commonwealth is prepared for Medicaid expansion even if the new eligibility system is not completed.

Follow-up
This prior program risk continues and is described in current Program Risk #1.

Prior Program Risk #5 – No Critical Path to Support the Feasibility of Meeting Deadline

The Medicaid eligibility system, SOAE, EDM and CAS, as well as subsequent projects, are interrelated and have interdependencies. In simplified terms, the CAS project may not be able to complete task C until the EDM project completes task B which is impossible until the SOAE project completes task A.

The eHHR Program Manager has documented key milestone dates related to the project. However, the eHHR Program has yet to document the detailed interdependencies and critical path for the projects based on detailed project schedules. Without a critical path based on these detailed project schedules, the eHHR Program Office cannot guarantee that it will meet the key deadlines already discussed in this report. The eHHR Program Office and the various projects it oversees must document their critical path as quickly as possible.

Follow-up
This prior program risk is considered CLEARED because the eHHR Program Office has developed a structure and working relationship with the other program offices and individual projects.

Prior Program Risk #6 – Agencies Must Be Allowed to Share Data for EDM to Operate Successfully

In order for EDM to match records and exchange information as planned, agencies must share their data with other authorized entities. Currently, federal and state laws restrict agencies from readily sharing recipient information. In order to expedite EDM and eliminate any state barriers to data sharing, the Governor introduced a budget amendment during the 2012 veto session to authorize data sharing. This amendment was not approved by the legislature, and the Governor plans to re-introduce this language in 2013. Relative to federal restrictions, federal agencies are holding meetings to administratively allow the sharing of information; however, there are no draft regulations available.

In the meantime, the eHHR Program Office is working with the Attorney General's office to develop a data sharing agreement that Virginia agencies can use to negotiate with others about using recipient information. The eHHR Program Office views this agreement as key to data sharing and delays in finalizing it could render EDM ineffective until it is resolved.

Follow-up
This prior program risk continues and is described in current Program Risk #6.

Prior Program Risk #7 – Project Documents Must Meet Best Practices to Receive VITA PMD Approval

Commonwealth Project Management Standards require approval by the VITA PMD of the detailed project plan prior to proceeding with project execution. We recommend that the SOAE and EDM project managers continue to work closely with PMD to ensure there are no delays in the execution and control phase resulting from prolonged review or additional iterations of the final project plan. Beginning execution on time is especially important because the project has the first development environment in the execution phase scheduled for completion on July 3rd and this environment is critical to the CAS project plan.

The SOAE and EDM project managers should also ensure the project plan best practices described above incorporated prior to project execution. These best practices will help enhance the project plan and allow the project managers to better monitor the projects.

In addition, the detailed baseline project plans, specifically critical tasks, need to be incorporated into the overall eHHR Program Office project plan. The Project and eHHR Program Managers must maintain and adhere to the project plan in order for it to be an effective tool to monitor the eHHR Program's progress.

Follow-up
This prior program risk continues and is described in current Program Risk #3.

Program Risk #8 – Program and Project Managers Must Agree On and Complete Planning Documents to Receive VITA PMD Approval

The eHHR Program Manager and the SOAE and EDM Project Managers should ensure that all planning documents are complete prior to beginning the execution and control phase of their project life cycles. The eHHR Program and Project Managers must reach a consensus on which planning documents the individual project manager should create and which documents should come from the eHHR Program Office.

Follow-up
This prior program risk continues and is described in current Program Risk #3.