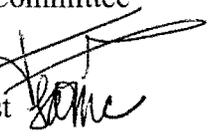


Worksession

MEMORANDUM

October 16, 2012

TO: Health and Human Services Committee
Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Torgas, Council IT Adviser
Linda McMillan, Senior Legislative Analyst 

SUBJECT: Update: Process-Technology Modernization (P-Tech) in HHS

Expected to attend:

Mike Ferrara, Executive Director of Enterprise Projects
Uma Ahluwalia, Director of HHS
Isabel FitzGerald, P-Tech Program Director
Sonny Segal, CIO

Staff Recommendations:

1. Receive P-Tech update, taking special note of the questions raised by staff and answers received from the administration.

Background

The Technology Modernization project is a Capital Improvements Program (CIP) project that allows a multi-year approach to plan for, launch, and implement complex computer systems that have the ability to streamline and significantly improve the basic operations of County Government. The Project Description Form (PDF) for this project from the FY13-18 CIP program is on ©1-2.

Several projects make up the TechMod “portfolio”:

- ERP, which integrates financial, HR and Procurement systems into a single effective approach;
- MC311, which has consolidated multiple call centers into a single, effective place for residents to look for information and assistance;
- MCTime, which has automated the cumbersome and error-prone time record system for all departments;

- Infrastructure, which provides the technology underpinnings (servers, routers, cabling, major common systems, etc.) for all projects; and
- P-TechMod, which stands for Process Technology Modernization of the multiple HHS systems into a single unified enterprise-wide way to serve the clients.

The GO Committee held a worksession on September 20, 2012 to receive an update on the fiscal front for all TechMod projects, and the tables summarizing the monetary flows for all projects are on ©3-4.

On October 18, 2012, the HHS and GO Committees are focusing on P-Tech, which is a major effort to integrate systems within the department of Health and Human Services and organize an enterprise-wide system that will permit clients to enter the system at a variety of touch points.

Staff Questions and Executive Branch Answers

In order to help organize the discussion for the members of the two Committees, staff provided the Executive branch with a number of questions aimed at reviewing the programmatic directions and the important governance issues of this project. These questions, and the Executive’s responses, are provided here.

1. How is P-Tech governed? Are there committee(s) structure that provides the governance, and what is known about their membership and decision authority?

A steering committee was established for the Process and Technology Modernization (PTM) Initiative. The steering committee has a cross-functional representation from the DHHS Director and Service Chiefs to budget, the Chief Information Officer of DTS, and representation from the county executive’s office. The role of the steering committee, membership and decision making input and authority were memorialized in a charter.¹

In addition to providing governance, the steering committee will also play a key role in the organizational change management for PTM. The steering committee meets monthly, and may also participate as needed in adhoc meetings, calls, or communications.

The Secretary of the Department of Human Resources (DHR), Executive Director of the Health Exchange, and the Deputy Secretary of the Department of Health and Mental Hygiene (DHMH) sit on a PTM advisory committee. This committee meets quarterly.

¹ Council Staff note: From the September 27, 2012 Draft version of the charter, here are the explicit goals of the project, which aim to overhaul and amend the current business IT environment:

1. Streamline intake and eligibility
2. Support integrated case management (ICM) model
3. Integrate disparate state data systems
4. Replace “shadow” tools with an enterprise system
5. Create a holistic view of the client with a single point of entry and access for all case data
6. Provide role-based security based on authorized access
7. Enable service coordination with contract providers and community based organizations (CBOs)
8. Provide business analytics to monitor key outcomes
9. Support customer self-service
10. Integrate imaging to reduce reliance on paper files
11. Leverage state and county technology investments

2. End user involvement - both citizen/customers and staff employee input is vital. How is that involvement guaranteed over the long run?

PTM established a Tiger Team. The Tiger Team's membership is made up of a comprehensive cross-section of end users. The Tiger Team participates in the visioning and BPR sessions, and will remain intact through the duration of the PTM initiative. They will also participate in detailed requirements, design, and testing, and will have a crucial peer to peer role in the organizational change management of the project.

In addition to the Tiger Team, a core set of Subject Matter Experts (SME) were identified that augment the Tiger Team and have a rotating membership to ensure frontline perspectives and expansive input and perspectives from multiple users across the organization as well as expansive input from a variety of individuals in a specific program area.

3. Change Management is an explicit task - who is preparing for the changes that are surely coming to HHS because of P-Tech, and with what budget authority?

An Organizational Change Management plan is part of the scope of the current contract. In addition, DHHS is working to identify positions and funding to engage in an expanded organizational change management effort that will span the duration of the PTM initiative and encompass the organization at a broader level beyond just the technology components. Change management is a crucial component to the success of the project. As such it is a distinct and key focus of DHHS and will remain so through the duration of PTM.

4. Is there active synergy between P-Tech and ERP at the technology level (license pricing, server sharing), of course always recognizing HIPPA concerns?

The PTM initiative is in the early stage. It's in the business process re-engineering and high-level requirements phase. However, the focus of DHHS is to leverage existing county and state investments, licenses, and infrastructure to the degree that it is feasible. Leveraging these existing assets will reduce implementation costs as well as longer term maintenance and operational costs. DHHS is certain there is an opportunity to leverage existing licenses and infrastructure, however, until the project progresses further the details cannot be fully defined. More than ERP, P-Tech leverages Siebel case management software which is our MC311 platform.

5. Are there expectations for efficiencies to be gained through Business Process Re-Engineering ("swim lane" analyses and suggestions regarding post-implementation costs)?

Yes, DHHS believes there will be efficiencies gained through the BPR. Previous "as-is" analysis indicated that approximately 50 percent of users time is spent on administrative tasks. Streamlining and automating processes is expected to yield substantial improvements and efficiencies allowing workers to serve more clients, providing more time for outcomes based case management, and supporting DHHS' vision to have a more nimble workforce that can be allocated and trained in common functions to allow for better workload balancing.

6. Will the Committees be able to view progress made, especially before major funding decisions are made?

Yes.

7. Given the State's major role in HHS, are they involved in governance? in funding? in an advisory capacity?

As noted above, the Secretary of the Department of Human Resources, Executive Director of the Exchange, and the Deputy Secretary of the Department of Health and Mental Hygiene sit on an advisory committee. This committee meets quarterly.

In addition, DHR in collaboration with DHHS, submitted a grant request to the Federal Government. The grant is predicated on DHHS being a model for the state and other jurisdictions for interoperability between state and county systems. DHHS and DHR were notified last week that they had been awarded this grant.

We also have an agreement with the State DHMH and DHR that they will include us in their Advance Planning Document to the Center for Medicare/Medicaid Services for enhanced federal match for phase 3 of their Health Information Exchange project.

In addition, we have just issued a task order to a consultant to help us review our revenue maximization plan for technology and to help us claim additional federal dollars where possible through our cost allocation plan with the federal government.

Conversely, DHHS sits on the DHR steering committee for its modernization project and participates with DHR and DHMH in the health exchange related sessions. There is significant and ongoing collaboration between DHR, DHMH, and DHHS.

8. Might there be opportunities for revenue after a successful launch in our County in other MD counties who may want to learn from our experiences? Have contacts been made with agencies that can help us in this way?

The State is interested in expanding the Health Information Exchange to include social services programs along with the current phase one expectation of including Medicaid. While not all jurisdictions in the State of Maryland are structured as integrated departments like Montgomery County, we provide an interesting template for the State to experiment with integration. They remain very interested in our efforts and are supportive of collecting our artifacts and keeping a pulse on our efforts. In addition, there is considerable interest in the Federal and National partner space with our integration and interoperability experience which no one has achieved, with both health and human services, successfully around the country. As noted above, DHHS and DHR were awarded a Federal grant to create repeatable and transferable artifacts for interoperability. These artifacts could be used by other counties in Maryland and other States. It is possible through working with the Federal Government additional grant funding to expand upon the interoperability concept is possible.

Technology Modernization -- MCG -- No. 150701

Category
Subcategory
Administering Agency
Planning Area

General Government
County Offices and Other Improvements
County Executive
Countywide

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

March 14, 2012
No
None.
On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY11	Est FY12	Total 6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 Years
Planning, Design, and Supervision	113,565	60,805	18,851	33,909	13,688	11,104	8,667	450	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	56	0	56	0	0	0	0	0	0	0	0
Total	113,621	60,805	18,907	33,909	13,688	11,104	8,667	450	0	0	0

FUNDING SCHEDULE (\$000)

Current Revenue: General	65,140	37,549	4,040	23,551	8,955	7,961	6,635	0	0	0	0
Federal Aid	1,059	0	0	1,059	352	389	264	54	0	0	0
Land Sale	2,634	2,634	0	0	0	0	0	0	0	0	0
Short-Term Financing	44,788	20,622	14,867	9,299	4,381	2,754	1,768	396	0	0	0
Total	113,621	60,805	18,907	33,909	13,688	11,104	8,667	450	0	0	0

OPERATING BUDGET IMPACT (\$000)

Maintenance				33,786	225	2,015	3,037	9,503	9,503	9,503
Productivity Improvements				-3,732	-33	-33	-929	-929	-929	-929
Net Impact				30,004	192	1,982	2,108	8,574	8,574	8,574

DESCRIPTION

This project provides for the replacement, upgrade, and implementation of IT initiatives that will ensure ongoing viability of key processes, replace outdated and vulnerable systems, and produce a high return in terms of customer service and accountability to our residents. Major new IT systems that have been completed through this project include the Enterprise Resource Planning (ERP) Financial and Human Resources modules, foundation phase of the 311/Constituent Relationship Management (CRM), Electronic Time reporting (MCTime), and related Business Process Review (BPR). Planning activities for the Department of Health and Human Services (HHS) technology modernization of key systems and processes are well underway. The Budgeting module of the ERP system (Hyperion) and additional self service functionality is being implemented now and the workforce component of the Hyperion System has already been completed. The ERP project was implemented to modernize our Core Business Systems to improve the efficiency, effectiveness, and responsiveness of the County Government. The ERP project has provided needed upgrades to the County's financial, procurement, human resource, payroll, and budgeting systems and has streamlined existing business processes. Additional BPR is needed to continue the alignment of County business processes with the new system and related enterprise impacts and to maximize the return on the County's IT investment. The 311/CRM system combined advanced telephony, internet, and computer technology with constituent-focused business processes. Residents are now able to call one number to access County government services. The 311/CRM system includes built-in tracking and accountability features to assure that every call receives a timely response. In addition, the 311/CRM system produces information on County efficiency and effectiveness in responding to requests for information and service requests. This information is used by the Chief Administrative Officer, CountyStat, and operating departments to track and improve performance and customer service. Completion of Phase I of the current MC311 (CRM) included developing an automated service request processing system for the County's Department of Transportation including converting the systems currently used for leaf pick-up, snow removal, tree issues, and street light outages. Phase II of the Technology Modernization project will include modernization of the County's Tax Assessment Billing System. This system is used to annually calculate and bill County residents for County and municipal property taxes, solid waste fees, water quality fees, WSSC fees, and other fees, taxes, and related credits. The HHS technology modernization involves the product identification and modification and implementation of an enterprise Health and Human Services system that includes the following components: intake and eligibility; common client index; document imaging and electronic records; case management and billing capabilities for health and human services; a portal for legacy and enterprise systems; a data warehouse; and self-service kiosks for use by clients and partner agencies.

COST CHANGE

Increase due to the continuation of staff and contractual resources to complete the remaining project components, provide ongoing system upgrades and modifications, provide the next stage of enterprise wide BPR and improvements, and implement the next phase of project improvements including implementation of the Health and Human Services system.

JUSTIFICATION

According to a 2004 ranking of major existing technology systems based on their current health and relative need for upgrade or replacement, the County's then current core business systems (ADPICIS, FAMIS, BPREP, and HRMS) were ranked as Priority #1, which means "obsolete or vulnerable critical system in

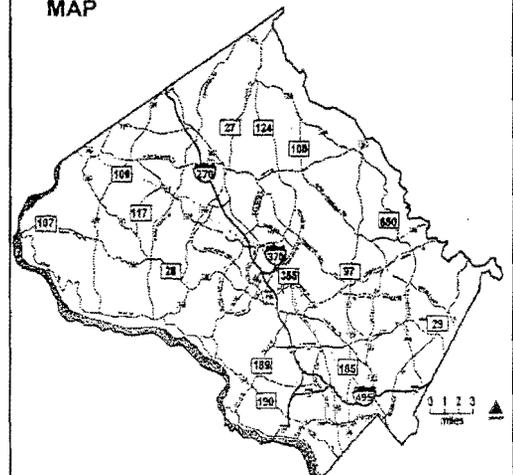
APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY07	(\$000)
First Cost Estimate	FY13	113,621
Current Scope		
Last FY's Cost Estimate		80,979
Appropriation Request	FY13	12,421
Appropriation Request Est.	FY14	11,104
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		80,979
Expenditures / Encumbrances		70,114
Unencumbered Balance		10,865
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

COORDINATION

MCG efforts are coordinated with applicable agencies during the project planning, requirements gathering, and requests for proposal (RFP) phases.
 Offices of the County Executive
 Office of the County Council
 Department of Finance
 Department of Technology Services
 Office of Procurement
 Office of Human Resources
 Office of Management and Budget
 Department of Health and Human Services
 All MCG Departments and Offices
 Maryland Department of Human Resources
 Maryland Department of Health and Mental Hygiene

MAP



Technology Modernization -- MCG -- No. 150701 (continued)

immediate risk of failure." These at-risk systems were replaced with a state of the art ERP system which provides a common database supporting financials, procurement, budget, and HR/payroll, and includes system-wide features for security, workflow, and reporting, and up-to-date technology architecture. Montgomery County seeks to set a national standard for accountability and responsiveness in governance and the delivery of services to its residents and businesses.

Tax Assessment Billing System: The current system is over 30 years old, is only internally supported, and is used for the collection of over \$2 billion in revenues annually.

Health and Human Services: This technology modernization effort will ensure ongoing viability of key processes, replace outdated and vulnerable systems, create staff operating efficiencies and produce a high return in terms of customer service and accountability to our residents.

Related plans and studies include the Information Technology Interagency Funding and Budgeting Committee's report of September 30, 2003, and the MCG FY06 IT Budget Overview prepared by DTS.

OTHER

The Technology Modernization - MCG project is intended to serve as an ongoing resource for future IT modernization and related process engineering to the County Government's business systems beyond the currently defined project scope. Future projects may include the following:

CRM - Citizen Relationship Management

Phase II: This initiative will extend the service to municipalities in the County, and other County agencies (e.g. Board of Education, M-NCPPC, Montgomery College). This initiative will proceed based upon interest from these organizations and agreement on funding.

Creation of a Citizen Relationship Management (CRM) program which will develop or convert automated capabilities for all appropriate County services including:

- Case Management
- Events Management
- Field Services
- Grants Management
- Help Desk Solutions
- Point of Sales
- Resident Issue Tracking System
- Work Order Processing System

- ERP - Enterprise Resource Planning
- Business Intelligence/Data Warehouse Development
- Loan Management
- Property Tax Billing and Collection
- Public Access to Contractor Payments
- Upgrade to Oracle E-Business/Kronos/Siebel
- Enhancements to comply with evolving Payment Card Industry (PCI) mandates

FISCAL NOTE

Project funding includes short-term financing for integrator services and software costs. The Operating Budget Impact (OBI) estimates provided above include the costs associated with supporting the Technology Modernization project after implementation including staff returning to their "home departments" from the project office to provide on-going support, knowledge transfer, and to serve as super users, and staff and contractors necessary to support the system, maintenance agreements with software vendors, and costs associated with the "Sustaining Organization" in FY16-18. Establishment of a sustaining organization is needed post implementation to resolve problems, facilitate communication across business processes because of the system integration, produce reports, and re-engineer business processes. The Government Finance Officers Association (GFOA) and Gartner (a premier IT consulting organization) recommend that organizations implementing an ERP also establish an enterprise business support structure (often called a sustaining organization or Enterprise Service Center) after project implementation to maintain, enhance, and focus on: business strategy, functional / technical expertise, software integration, technology, project management and continuous process improvement. Investing in a sustaining organization is key to fully exploiting the capabilities of the new ERP system.

Productivity Improvements achieved through this project include absorbing staffing reductions in the Information Technology, Fiscal, Budget, Administration, Clerical, Human Resource, and Financial Occupational classifications (FY08-12); termination of maintenance agreements for legacy systems; termination of the keypunching contract for the manual timesheet process; and other related savings. Total estimated savings related to this project through FY12 are estimated at over \$36 million including the reduction of over 320 full time equivalent positions in the County Government.

TECH MOD FY13 FISCAL UPDATE

FY08 - FY13

As of 8/31/12

	Budget	Expenditures	Remaining Balance
		(Includes Encumbrances)	
ERP	\$65,658,400	\$60,878,300	\$4,780,100
MC311	\$11,874,990	\$11,874,990	\$0
MCTime	\$1,992,780	\$1,992,780	\$0
Infrastructure	\$10,639,000	\$8,704,000	\$1,935,000
HHS	\$3,235,000	\$184,800	\$3,050,200
TOTAL	\$93,400,170	\$83,634,870	\$9,765,300

**FY13 Does not include McTime or Mc311*

(3)

**TOTAL APPROPRIATION/
TOTAL EXPENDITURES**

**FY08 thru FY13 (Period 2)
August 2012**

TECH MOD THROUGH FY13 PERIOD 2 (AUGUST 2012)								
Tech Mod			Total	Personnel	Contractors	HW/SW	Other	Total Expended
Total Appropriation*				Expenditures inception thru August 2012				thru August
	Thru FY12	FY13 Appropriation	Thru FY13					
Total Appropriation*	\$67,111,400	\$12,421,000	\$79,532,400	Expenditures*				\$69,767,064
ERP	\$60,462,400	\$5,196,000	\$65,658,400	\$14,865,470	\$36,412,869	\$7,563,607	\$2,036,318	\$60,878,264
Infrastructure	\$6,349,000	\$4,290,000	\$10,639,000	\$1,416,800	\$5,479,500	\$1,807,700	\$0	\$8,704,000
HHS	\$300,000	\$2,935,000	\$3,235,000	\$0	\$184,800	\$0	\$0	\$184,800

**Does not include MC311 or MCTime*
(Expenditures include encumbrances)

(5)