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# MEMORANDUM

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**To:** Joint Ways and Means Information Technology Subcommittee  
Joint Committee on Ways and Means

**From:** Robert L. Cummings, Principal Legislative Analyst (IT)  
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**Date:** May 19, 2015

**Subject:** Department of Human Services HB 5026 – POP #201 & Oregon Health Authority SB 5526 - POP #201 – DHS/OHA Race, Ethnicity, Language, and Disability (REAL+D) Project LFO Analysis and Recommendations

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**Agency Request:** Within HB 5026 - Policy Option Package (POP) #201, the Department of Human Services (DHS) is currently requesting \$831,865 General Fund and 3.00 FTE, and within SB 5526 POP #201, the Oregon Health Authority (OHA) is currently requesting \$634,672 General Fund and 2.00 FTE, for the joint development of a master client data service that creates uniform standards and practices for the collection of data on race, ethnicity, preferred spoken or signed language, preferred written language, and disability status. The total requested for 2015-17 for POP #201 (DHS/OHA) is \$1,466,537 General Fund and 5.00 FTE. These 2015-17 agency budget requests have been modified (lowered) since publication of the Governor’s budget.

The package is tied to improving alignment with HB 2134 (2013). The legislation required DHS and OHA to develop uniform standards for the collection of REAL+D (race, ethnicity, language, and disability status) data in concert with community stakeholders. As a result of the legislation, OHA’s Office of Equity and Inclusion convened a rules advisory committee of diverse stakeholders to finalize the standards.

## **A. LFO Analysis**

DHS and OHA each have a policy option package that will advance the planning activities to support the implementation of standard data elements and tracking of race, ethnicity, language, and disability status for clients that cross both agencies. A joint preliminary business case was recently submitted by DHS on March 12, 2015 to the Office of the State CIO (OSCIO) to begin the Stage Gate Review Process.

DHS (in consultation with OHA) have reduced their request for resources in their original POP requests based upon a “revised approach” to deal with improving alignment under HB 2134 (2013). This “revised approach” proposes to handle the alignment via an operational effort rather than as a separate formal information technology (IT) project. Specifically, the REAL+D “revised approach” proposes to leverage investments made in the MAGI Medicaid System Transfer Project (utilizing its

master data management solution, IBM Initiate), and makes changes to an existing data warehouse (ICS within the DHS Office of Caseload Forecasting) to do reporting on REAL data elements for both agencies' program areas. This "revised approach" would reduce the original position requests from 12.00 FTE total (3.00 DHS Program, 3.00 OHA Program, and 6.00 OHA OIS) to 5.00 FTE total positions (1.00 DHS Program, 1.00 OHA Program, 1.00 OHA OIS, and 2.00 DHS Office of Caseload Forecasting), with some limited professional services (S&S) associated funding.

The REAL+D Project is in the "concept" phase (stage gate #1) of the Joint State CIO/LFO Stage Gate Review process. This phase of the project lifecycle typically focuses on defining the basic concept of the proposed project, including the high-level business case and rationale for why the project needs to be done. Typical project artifacts at this stage in a project's lifecycle include: 1) a high-level business case; 2) a high level supporting workplan (aka project plan which includes a high-level schedule; high-level project costs, and resource needs); 3) a high-level project risk assessment; and 4) a Policy Option Package (POP). The materials that LFO has received to date upon which to make its recommendation on the initial planning funding request include:

- Preliminary Business Case (February 4, 2015);
- Project Risk Assessment – High Level (February 25, 2015);
- Project Plan – High Level (February 25, 2015);
- Policy Option Package – POP #201 – 2015-17 Budget (August 12, 2014);
- OIS Enterprise Architecture Analysis (February 25, 2015); and
- DHS IT Project Briefing (May 11, 2015).

The materials above that have been provided to LFO are those typically required for stage gate #1 endorsement. Other than the preliminary business case, none of the remaining documents have been submitted to the OSCIO for stage gate #1 endorsement review. That said, the proposed changes that DHS and OHA communicated to LFO on May 11, 2015 significantly change much of the work already completed. These changes in the proposed solution approach of the REAL-D effort impact the business case, risk assessment, project plan, and the architectural analysis that have already been completed by DHS and OHA.

The proposal to utilize an operational-based solution (i.e., use existing manual processes and automated tools), rather than the original "IT project" approach (calling for "architecting and implementing a master client data collection solution") to better align with HB 2134 (2013), is a major shift in approach. Other than the high-level briefing provided to LFO on May 11, 2015, LFO has not been provided with any detailed analysis to support why this approach is significantly better than the original "IT project" approach (documented in the preliminary business case recently provided to the OSCIO on March 15, 2015). This original approach has been the basis of much of DHS's and OHA's analysis and plans to date.

It is not clear to LFO exactly why there has been a change in "solution direction" and why a more operational (utilizing both manual processes and existing automated tools) "revised approach" is now being considered in lieu of the original planned and architected approach (utilizing an IT project and more highly automated and integrated systems). It is clear however, that the "revised approach" for the REAL+D Project may require the utilization of a modified Joint Office of the CIO/LFO Stage Gate Review Process.

LFO understands the need for DHS and OHA to better align with HB 2134 (2013). However, the recent major changes in solution direction (the “revised approach”) that are now being proposed are not clear, nor is the rationale for making these proposed changes. The lack of a detailed options analysis on why the “revised approach” is being considered, makes it difficult to understand DHS’s and OHA’s budget request. If the new solution approach is being proposed because the more automated solution will take a significantly longer time to bring DHS and OHA into alignment with HB 2134 (2013), then it might make sense for DHS and OHA to consider a more expedited simpler approach utilizing manual operations, or the use of existing automated “tools,” or a combination of manual and automated efforts, to expedite their efforts (and then deal with fully automating their efforts at a later date). Without a detailed explanation and analysis of why they are proposing this major change in approach, how the “revised approach” will expedite the process, and what the long-term approach for alignment will be, it is difficult for the Legislature to concur (or not) with the proposed changes, and equally difficult for LFO to make a funding recommendation.

### **B. LFO Recommendations**

Based upon LFO’s review of the agencies’ requests and its questions and concerns related to the proposed “revised approach,” LFO recommends incremental, conditional approval of the POPs, assuming the funding and personnel resources are made available to DHS and OHA within the 2015-17 adopted budget. Specifically, LFO recommends that the proposed funding for any needed planning activities be approved and any remaining funds be unscheduled by the Department of Administrative Services. LFO further recommends that the Department of Human Services and the Oregon Health Authority:

- Should return to the Joint Interim Committee on Ways and Means or the 2016 legislative session to report on their progress on the planning activities for the project, and to provide a more detailed analysis on why the “revised approach” is a better option. LFO and the DAS Chief Financial Office will ask to have the appropriate amount of funding rescheduled once the project has reported and is ready to move forward.

- Motion on LFO recommendations

### **C. Final IT Subcommittee Action**

Transmit the Information Technology Subcommittee recommendations to the Human Services Subcommittee of the Joint Committee on Ways and Means.