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# MEMORANDUM

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**To:** Joint Legislative Committee on Information Management and Technology  
**From:** Robert L. Cummings, Principal Legislative Analyst (IT)  
**Date:** February 19, 2020  
**Subject:** Department of Human Services (DHS) and Oregon Health Authority (OHA): Progress Report on the IE Project - LFO Analysis and Recommendations

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## **Agency Request:**

The 2019 Legislature directed the Department of Human Services (DHS) and the Oregon Health Authority (OHA), to jointly report the status and progress of the IE Project to the Joint Legislative Committee on Information Management and Technology (JLCIMT) during the 2019 Interim and the 2020 legislative session. The agencies request acknowledgement of the receipt of their report.

## **A. LFO Analysis**

### Background

The Integrated Eligibility (IE) Project was initiated in 2015 to integrate Medical Programs (Modified Adjusted Gross Income (MAGI) and Non-MAGI Medicaid), the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF), and the Employment Related Daycare (ERDC) into a single enrollment and eligibility system called OregONEligibility, or the ONE System. During 2017 and 2018 system planning, analysis, and design activities consumed much of the focus of the IE Project team. During this period, several major changes occurred regarding project scope, schedule, and budget. In particular, during the 2017 legislative session, DHS and OHA came to the legislature with a major revised scope, schedule, and budget. These changes were approved by the JLCIMT and the Joint Ways and Means Subcommittee (JWM), and DHS and OHA were given permission to continue with the IE Project.

During the 2018 legislative session, the IE Project requested approval of an additional four-month extension of the IE Project schedule. This extension was approved by the project Executive Steering Committee (ESC), the JLCIMT, and JWM. During the 2019 legislative session, as requested, the IE Project reported on progress and status to the JLCIMT and JWM. At that time the IE Project provided the JLCIMT with a re-baselined project schedule. The project reported that the new ONE System was approximately 72% completed. The IE Project also provided an overview of its plans for 2019 and 2020. The major planned activities for 2019 included completing the design and construction of the new system in the summer of 2019, starting User Acceptance Testing (UAT) Cycle 1 testing in August of 2019. UAT Cycle 2 testing was started on November 11, 2019 and was scheduled to be completed by February 10, 2020.

Throughout 2019, the IE Project stayed within scope, schedule, and budget. However, in December 2019, the Centers for Medicare & Medicaid Services (CMS) informed project leadership that the project would be required to include within the new ONE System, two additional change requests related to income and salary reporting. As a result, the IE Project was forced to review its scope, schedule, and budget to determine how to fit the additional work into the remaining eleven months of the project. This review, impact analysis, and revised scope and schedule have been completed, and approved by the agency Executive Steering Committee (ESC) and Joint Governance Board (JGB). The project team was able to include the additional federally mandated work by adjusting the work within the project schedule, resulting in minimal impacts to the project budget, and yet still meeting the mandated year-end completion date. The details of this go-forward plan, including the associated revised schedule for 2020 implementation activities, is provided in the LFO Findings section of this analysis. At this time the IE Project remains on scope, schedule, and budget. Ongoing risks continue to be reviewed by the IE Project team, the quality assurance vendor, OSCIO oversight, and LFO oversight.

## LFO Findings

### 2019 Legislative Instructions

During the 2019 legislative session, DHS and OHA was requested to regularly report IE Project progress, status, and major variances to the JLCIMT and W&M. The IE Project has satisfactorily responded to the following legislative instructions:

1. Report to the JLCIMT during the 2019 Interim and during the 2020 legislative session with project status, progress, and variances to key performance metrics (i.e. scope, schedule, resource usage, financial, milestones, and risks). Develop a plan for dealing with the risks, issues, and concerns identified by the quality assurance vendor and LFO. This mitigation plan should be provided to the JLCIMT no later than November 2019.
2. Closely monitor project requirements, scope, schedule, resource usage, and financial expenditures throughout the balance of the project.
3. Continue to utilize independent quality management services. The contractor should:
  - Conduct ongoing risk and performance assessments, and respond to agency, OSCIO, LFO, and DAS feedback.
  - Perform quality control reviews on the key IE Project execution phase deliverables.
  - Perform ongoing, independent quality management services.
4. Provide the OSCIO and LFO with all quality assurance reports throughout the project's remaining lifecycle.
5. Continue to follow the Joint State OSCIO/LFO Stage Gate Review Process.
6. Continue to utilize a qualified systems integrator and project manager with experience in planning and managing programs and projects of this type, scope, magnitude, and complexity.
7. Regularly report project status to the OSCIO and LFO throughout the project's lifecycle.
8. Utilize the Office of the State CIO's Enterprise Project and Portfolio Management (PPM) System for all project review, approval, and project status and QA reporting activities throughout the remaining lifecycle of the IE Project.
9. Complete a formal "project close out" report upon completion of all IE Project phases.

The IE Project status report and related presentation provided to the February 19, 2020 JLCIMT included an overview of the following eight key areas related to the progress, status, and 2020 plans for the IE Project, including the rollout of the new ONE System. This information included: a) Overall Progress and Status; b) baseline schedule and scope (including variances); c) Pilot, rollout, and implementation planning and readiness; d) Go-live planning; e) Data conversion planning and execution; e) cutover planning; f) Customer training and support; f) Go live support structure; and h) Warranty, Maintenance, and Operations. LFO's review of key progress and status information provided within the IE Project's report to the JLCIMT and JWM follows:

(Overall Progress and Status)

Based upon LFO's review of the IE Project's status reports, Executive Steering Committee (ESC) Minutes, quality assurance risk reports, quality control reviews of key project management and systems development lifecycle (SDLC) artifacts, test planning and results, conversion planning and progress, customer training progress, and implementation planning progress, LFO feels that the project is proceeding according to plan, schedule and budget. The IE Project is a highly complex effort, and given its sheer size, complexity, costs, and "number of moving parts," things are going very well. That said, there still remains much to do, and recent changes in project scope have made the remaining effort more difficult and have further increased the amount of work that needs to be done by the end of the year. Risks have increased due to scope changes and delays in getting User Acceptance Testing (UAT) completed, and as a result there could be impacts to the quality of the new ONE System and the smoothness of the three proposed system implementation rollouts.

(Baseline Scope and Schedule)

The IE Project's January 2019 baseline scope, schedule, and budget has remained in effect throughout 2019. The schedule for work in 2019 primarily included designing and developing the new ONE System, test planning, unit and system integration testing, two cycles of user acceptance testing, data conversion planning and testing, planning for customer training, and planning for pilot and two waves of system implementation rollouts. The project execution has continued consistent with this plan through December 2019.

In December 2019, a number of project circumstances occurred which made it necessary for the IE Project to make modifications to its baseline scope and schedule. The first issue dealt with the time it was taking to complete the second cycle of user acceptance testing (UAT). This cycle of testing began immediately after Cycle 1 UAT on November 11, 2019. It was scheduled to be completed on February 10, 2020. The Cycle 2 UAT testing included execution of 4000+ test scripts and the correction of all related defects that were identified. It became clear to the project team in late December that while the 4000+ test scripts could be executed on time, that defect correction would probably take Cycle 2 testing past the planned end date.

In addition to these testing related schedule challenges, CMS made an onsite visit in December 2019, and notified the IE Project team that two change requests that were originally planned for implementation after the ONE System was put into production (December 2020), would need to be included in the initial rollout of the new ONE System. These CMS-required changes and an additional system usability related enhancement included:

1. Medicare changes related to how information is maintained, verified, and used in Medicaid eligibility determinations;
2. Absent parent data collection; and
3. System usability changes for income-related screens.

Combined with the additional concerns about the potential loss of critical project resources to the UAT testing team, it was decided that the project would need to investigate ways to remain on schedule. In addition, it became clear that that it was likely that the IE Project's schedule for 2020 would have to be modified to allow it to deal with the additional scope of work, and the need for additional time for Cycle 2 UAT testing, while still meeting the mandatory year-end completion date.

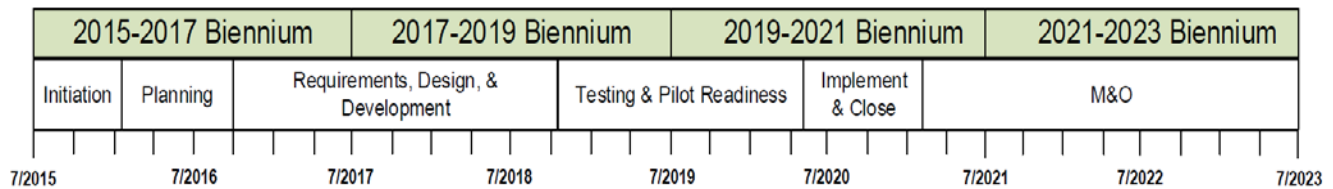
In January 2020, the project team completed a problem impact analysis to identify the best go-forward option for proceeding in 2020, while still staying within the mandatory December 31, 2020 implementation deadline. The IE Project team worked with its governance committees, the Executive Steering Committee, and the Joint Governance Board, and ultimately recommended a solution that allowed the additional change requests to be included in the project scope and schedule, provided additional time to complete Cycle 2 UAT testing, and still allowed the project to be completed by the end of 2020.

The proposed governance-approved solution called for the following changes:

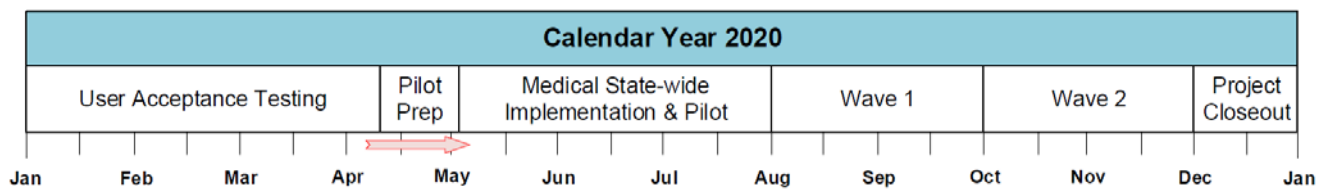
1. moving the start date of the initial pilot rollout from April 6, 2020 to May 4, 2020 (approximately 30 days);
2. reducing the duration of the initial pilot rollout from 4 months to 3 months;
3. extending the duration of Cycle 2 UAT by 30 days to allow completion of these critical test functions;
4. utilizing the 30 days of resources that were originally planned for pilot to complete joint application design (JAD) sessions, code development, and testing for the three new change requests (during the February through July 2020 timeframe); and
5. negotiating with CMS to allow a phased implementation of the three new change requests (some to be implemented in the April pilot rollout, and the balance to be implemented in the Wave 1 rollout in August 2020).

The proposed go-forward option allowed the IE Project to deal with the time needed to complete Cycle 2 UAT and include the CMS required change requests within the new ONE System. The proposed go-forward plan (including the modified IE Project scope and schedule) were all approved by both the Executive Steering Committee and the Joint Governance Board in early February 2020. As part of the approval process, the IE Project team made it clear that while there were significant benefits from the proposed go-forward approach, that there could also be additional risks associated with the addition of new system development and testing activities at this critical point in the project. The project team also noted that the reduction of the duration of the pilot rollout could have an impact on both the initial quality of the new system, and the potential smoothness of all three of the system rollouts (i.e., pilot, Wave 1, and Wave 2). These risks will be discussed in more detail later in this analysis.

The original overall schedule for the IE Project is provided below. As noted, the major changes to the 2020 schedule, include the extension of time to complete UAT Cycle 2 testing, a 30-day delay in the initial pilot system rollout (from April 6 to May 4), a 30-day reduction in the duration of the pilot rollout, and inclusion of additional change request work in the schedule from February 2020 to July 2020.



The high-level revised Calendar Year 2020 schedule provided by the IE Project is shown below. Again, this schedule shows a delay of 30 days in completing UAT testing, a delay in the pilot start date to May 6, 2020, and a reduction in the duration of the Pilot rollout of the ONE System and the Medical State-Wide Implementation, from four months to three months. The year-end rollout deadline is maintained, despite these schedule changes.



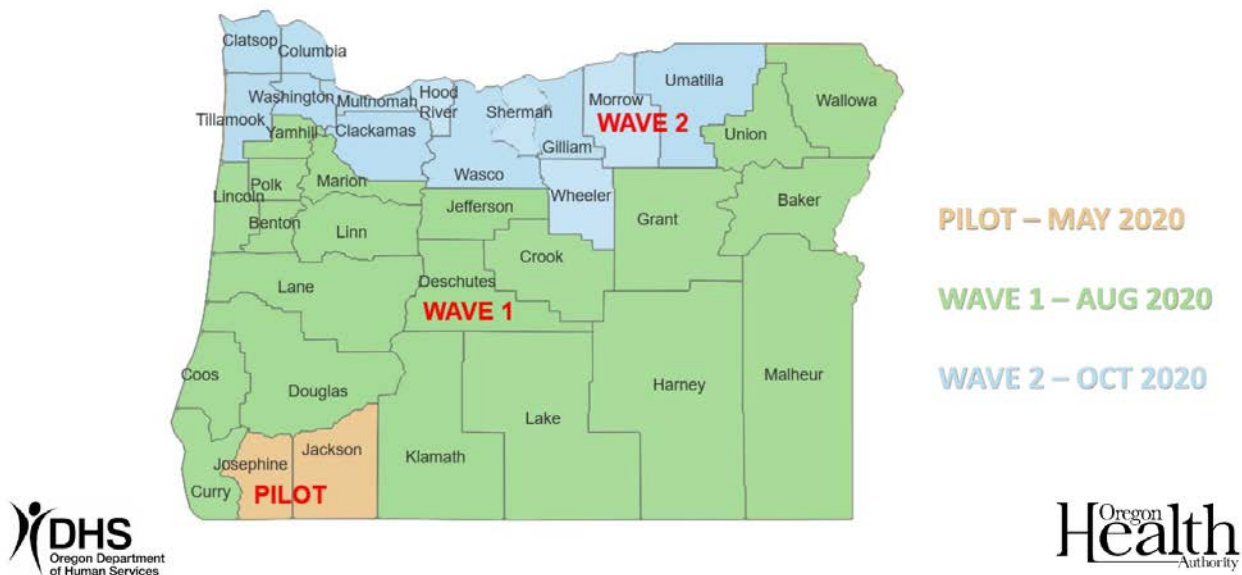
#### (Baseline Budget)

The baseline budget for the IE Project has remained basically the same since January 2019. The chart below (provided by the IE Project) summarizes the IE Project budget by funding source. The IE Project is still operating consistently with this budget, and at this time retains all of its original contingency funding of approximately \$16 million.

Funding Sources	Biennium				
	2015-2017	2017-2019	2019-2021	2021-2023	Total
Federal Funds	28,350,947	106,229,079	130,915,597	1,748,324	267,243,947
General Fund	1,597,743	2,688,532	2,304,727	-	6,591,002
Bonds	3,622,907	22,753,340	44,334,153	589,176	71,299,576
Issuance Cost	22,240	101,275	675,000	-	798,515
<b>Total Project Cost</b>	<b>33,593,837</b>	<b>131,772,226</b>	<b>178,229,477</b>	<b>2,337,500</b>	<b>345,933,040</b>

#### (System Rollout Planning)

The current rollout plan for the ONE System consists of three separate rollouts (Pilot, Wave 1, and Wave 2). The IE Project's rollout plan below shows the planned timing of these rollouts. It is important to note that the Pilot rollout includes not only the rollout of the ONE System to Josephine and Jackson counties, but also the statewide rollout of the significantly updated MAGI Medicaid System.



### Project Quality Assurance and Control Reporting

The project's quality assurance and control vendor has been on board since 2015, and has provided a wide-variety of services including project risk assessments, performance assessments, quality reviews of key project artifacts and processes, and monthly status reports to the IE Project's management and Executive Steering Committee. To date, the quality assurance vendor has provided reviews of a many key foundational project management and SDLC documents. During the two recent UAT cycles, the QA has provided valuable reviews of test plans, scripts, and execution results. Overall, the IE project has continued to do an excellent job in working with its quality assurance vendor, to identify major risks, that left unmitigated, would adversely affect the project's chances for success. That said, there are still a number of outstanding risks that need to be mitigated as the project moves into the final implementation phase. A discussion of these QA-identified risks, concerns, and possible mitigation strategies follows.

### Quality Assurance Performance and Risk Assessment Reports

Throughout the life of the project, the IE Project's quality assurance vendor has continued to conduct risk assessments, quality control reviews, and performance reviews. The QA has recently submitted three status reports:

1. 2.3b(30) Monthly Status Report - Integrated Eligibility (IE) Project For the Month Ending: December 2019 - Version 0.9 (submitted 02/04/2020);
2. 2.3b(30) Monthly Status Report - Integrated Eligibility (IE) Project For the Month Ending: December 2019 - Version 1.0 (submitted 02/06/2020); and
3. 3.1.15 Quarterly Status and Improvement Report - Executive Summary (3 parts) Integrated Eligibility (IE) Project for the Quarter Ending: January 2020 Version 0.5 Submitted: 02/14/2020.

These three reports provide significant detail related to the overall risk profiles for key project performance assessment areas. It is important to note that the most current monthly QA report is for the month of December and significant changes have occurred to the project's scope and schedule during the month of January and early February. That said the most recent monthly QA status report shows the following overall risk levels for the IE Project:

1. Overall Risk - YELLOW - moderate risk.
2. Project Scope - YELLOW - moderate risk.
3. Project Schedule - RED - significant risk.
4. Budget and Resources - YELLOW - moderate risk.

The table below shows the most critical risks and issues that the QA feels need to be tracked by the IE Project team. The information included in this table was taken from the QA vendor's most recent (December 2019) finalized monthly risk assessment report (received on February 6, 2020). As such, it is important to note that significant work has been done on many of these risks and issues in January and February. The next scheduled monthly (January) report will likely not be available to the project team until sometime in late February 2020. That said, the IE Project's responses (including accepting, rejecting, or mitigating these risks) to the findings in the QA vendor's December report is contained later in this analysis.

Issue/Risk #	Title	Risk Rating
2019-10-001.02	UAT test coverage cannot be verified.	High
2019-09-001.03	Triaging UAT defects requires more staff time than planned.	High
2019-11-001.01	Project progress is difficult to assess.	Medium
2019-08-001.02	Network issues impacting testing.	Medium
2019-10-002.02 (risk)	Late system modifications may impact the overall quality of the system.	High
2019-08-002.04 (risk)	Data conversion may not be completed in the planned timeframe.	High
2019-01-002.02 (risk)	Functional security testing may not validate all roles on all screens.	Medium
2018-03-004.04	The IE Project resource management process does not provide leadership the necessary information to determine if tasks are appropriately resourced.	High
2018-07-001.03	A comprehensive view of design is not available for the IE Project.	High

## QA Quality Control Reviews

The QA vendor has completed, or is in the process of completing the quality control reviews for several key IE project testing and implementation focused deliverables. These deliverable reviews were addressed in the QA's December monthly status report, and are summarized in the table below.

### Quality Control (QC) Review Summary

Deliverable Reviewed	Summary	QC Review Status
1. D2.7.2.3 - Implementation Readiness Materials	The QA vendor reviewed the system integrator's (SI) deliverable and provided comments to the state. The state accepted the deliverable.	Complete
2. 1.5q - Disaster Recovery Playbook	The QA vendor reviewed the system integrator's deliverable and provided feedback to the state. The state accepted the deliverable.	Complete
3. DED2.4.10 - Performance and Stress Test Results	The QA vendor is reviewing the system integrator's deliverable expectation document (DED) and has provided comments to the state.	In Progress
4. DED1.7.2.4 - Training Delivery Completion Report	The QA vendor reviewed the system integrator's DED deliverable, and has provided comments to the state.	In Progress

## IE Project - QA Risk Action Plan

The IE Project has a very robust review process for reviewing and responding to the numerous QA products that are produced to help track and mitigate project risks and issues. This process also includes the review, tracking, and mitigation activities related to many critical project artifacts that are given quality reviews by the QA vendor. These reports include monthly and quarterly project performance and risk assessment reports, quality reviews of project management artifacts, and quality reviews of System Development Lifecycle (SDLC) artifacts.

When project risks and issues are provided to IE Project management, each risk and issue is evaluated for validity and a determination is made as to whether the risk finding will be a) rejected; b) accepted, with no mitigating action; or c) accepted and corrective action will be undertaken by the IE Project team. The QA vendor and the IE Project regularly track all risks and issues where corrective actions are undertaken, until each one is ultimately resolved. The IE Project's responses and action plan for high and medium-level QA's identified risks and issues (requiring action) follows:



Number	Finding	7/19	8/19	9/19	10/19	11/19	12/19
New Issues and Risks							
Ongoing Issues							
2019-11-001.01 Issue / New	Project Progress is difficult to assess.	-	-	-	-	M	M
2019-10-001.02 Issue	UAT test coverage cannot be verified.	-	-	-	-	H	H
2019-09-001.03 Issue	Triaging UAT defects requires more staff time than planned.	-	-	-	H	H	H
2019-08-001.02 Issue	Network issues impacting testing.	-	H	M	M	M	M
Ongoing Risks							
2019-08-002.04 Risk	Data conversion may not complete in the planned timeframe.	-	H	H	M	H	H
2019-10-002.02 Risk	Late system modifications may impact the overall quality of the system.	-	-	-	H	H	H
2019-01-002.02 Risk	Functional security testing may not validate all roles on all screens.	H	H	M	M	M	M
Accepted Risk and Issues							
2018-03-004.04 Issue / Accepted	The IE Project resource management process does not provide leadership the necessary information to determine if tasks are appropriately resourced.	H	H	H	H	H	A
2018-07-001.03 Issue / Accepted	A comprehensive view of design is not available for the IE Project.	H	H	H	H	H	A
Resolved Issues and Risks							
2018-07-005.05 Issue / Resolved	Preparation for user acceptance testing (UAT), including test scenario and script development, is behind schedule.	R	-	-	-	-	-
2018-10-002.01 Issue / Resolved	Strategic decisions are being made without comprehensive information.	R	-	-	-	-	-
2018-10-003.01 Risk / Resolved	Testing in the Legacy production logical partition (LPAR) may introduce operational, security, and testing risks.	M	R	-	-	-	-
2019-04-001.02 Risk / Resolved	The State training team's efforts may not be appropriately resourced.	M	M	R	-	-	-
2018-03-005.08 Issue / Resolved	There is no unified testing approach integrating the State's and the system Integrator (SI) Contractor's test strategies.	H	H	H	R	-	-
2019-09-003.01 Risk / Resolved	Some people readiness responsibilities are not allocated appropriately.	-	-	M	R	-	-
2019-07-002.01 Risk / Resolved	Information is not shared timely or consistently across workstreams, which could cause rework and delays.	M	M	M	R	-	-
2018-10-004.01 Risk / Resolved	It is not clear that all Modified Adjusted Gross Income (MAGI) requirements have been incorporated into the Integrated ONE System.	M	M	M	M	R	-
2018-10-005.03 Issue / Resolved	There is not an accurate inventory of the work remaining, making it difficult to assess the accuracy of the project schedule.	M	M	M	M	R	-
2019-09-002.01 Risk / Resolved	Revisiting the decision about site support to field staff could cause re-work and potential delays.	-	-	M	M	R	-

**Risk Category Key:** **H** High Rating **M** Medium Rating **R** Resolved **A** Project Accepted **L** Low Rating

## LFO Identified Risks & Concerns

In general, LFO concurs with nearly all of the key high and medium risks identified by the quality assurance vendor in their most recent monthly and quarterly project performance and risk reports. Their recommendations for helping mitigate these risks are reasonable, though the sheer volume of work required to respond to all of the QA recommendations, precludes the IE Project team from implementing all of them. In addition to these QA identified risks, LFO has also identified a number of risks related to the recent scope changes, and upcoming implementation activities that need to be considered at this critical time in the IE Project. An overview of several categories of these risks follows:

### (Scope and Schedule Related Risks)

The recent scope changes related to the federally required change requests have resulted in important changes in the project's schedule, timing of the pilot rollout, duration of the pilot rollout, and significant reduction of the slack available in the project's critical path and timeline. These changes may also impact the quality of the system that is moved into the Wave 1 and Wave 2 rollouts due to the reduced duration of the pilot rollout. This could potentially increase the "bumpiness" of the final two major rollouts.

The fixed end-date and minimal slack remaining in the integrated schedule require that the scope be managed very tightly by the project team. Any additional changes to the project scope will likely create potentially serious challenges for the IE Project. These impacts could result in slippage of the Wave 1 rollout start date (August 2020) and the Wave 2 rollout (October 2020), which must be done in sequence, resulting in potentially significant impacts on implementation planning, customer preparations, and training.

### (Financial Related Risks)

While the IE Project is currently on budget and still has nearly all of its original contingency funding of \$16.1 million, the burn rate at this time can be as high as \$10 million per month. Obviously, any scope or schedule changes that require additional unplanned work to be done, or more effort than originally planned for UAT, regression testing, and implementation activities, could quickly use up the contingency and add considerable costs to the project's one-time costs.

### (Data Conversion Related Risks)

The estimates for data conversion are based upon assumptions as to the cleanliness of any data that must be converted for use in the new system. If there are significant issues with the current data quality, or the data is not properly converted, there obviously will be major implementation issues (including potential schedule delays related to fixing the "dirty" or incomplete data). The project is very aware of this risk and is taking appropriate steps to mitigate any problems in this area. In addition, the Systems Integrator has significant experience in converting data for similar systems in previous engagements, and is also taking appropriate steps to make sure that the data is clean following conversion into the new ONE System databases. Data conversion mock runs and quality reviews of converted data are regularly occurring.

#### (Personnel Related Risks)

There are several personnel related risks. The first deals with potential staff burnout, both state and vendor, due to the level of overtime and weekends that have been required over the past 3-4 months. It is likely that there will be continued overtime throughout regression testing, training, and a good part of the three pending implementation rollouts. Steps need to be taken to assure that the impacts of significant personnel fatigue such as reduced work quality and reduced efficiency are minimized.

#### (Implementation Related Risks)

There are a number of critical elements that must be in place to help reduce implementation related risks. This includes: a) sufficient qualified customer service staff to support all three rollouts; b) a quality “go-live” process including effective “operational readiness” checklists; c) a highly tested ONE System fully ready for implementation; d) quality clean data; e) highly trained customers, ready to use the new system; f) a solid well-defined support infrastructure and customer service capability; and g) a clearly defined system and release maintenance process.

#### (Testing and Quality Related Risks)

The addition of new change request related work, delaying of the pilot date, and the reduction of the pilot duration, can have potential impacts on the quality of user acceptance and regression testing. This in turn, can affect the quality of the software that goes into the Pilot rollout, and ultimately the quality of the software that is moved into both the Cycle 1 and Cycle 2 rollouts.

#### (Fallbacks and Work-Around Related Risks)

The lack of slack in the IE Project’s integrated schedule, the “fall-forward” implementation strategies for the Pilot, Wave 1, and Wave 2 rollouts, the fixed end-date for the project, and the many risks identified by the QA vendor, all potentially add additional risk for the IE Project and its successful completion. Where possible, the IE Project should consider developing appropriately detailed fallback plans and work-arounds for the following areas of project risk: a) applicants who have unique circumstances that simply cannot be handled by the new ONE System; b) to address the risks in having minimal slack in the revised project schedule; c) to address a worst case scenario where the project is pushed out past the December 31, 2020 deadline; d) to deal with unexpected “dirty data;” and e) to deal with any missing major system capability (that must be immediately addressed).

#### Findings Summary and Conclusions

The IE Project has satisfactorily responded to the comprehensive list of legislative instructions from the February 16, 2019 JLCIMT hearing. During 2019, the project has been managed consistently with Project Management Body of Knowledge (PMBOK) best practices, and has stayed in alignment with its January 2019 baseline scope, schedule, budget, and resource plans. While federally mandated change request scope changes had to be integrated into the baseline scope, schedule, and budget, the IE Project team was able to make the necessary changes to the project scope and schedule to allow the completion of the new work, while minimizing additional costs and adhering to the fixed year-end deadline for completing the project.

The IE Project has been responsive to QA identified risks, and has consistently and timely, adopted solutions to mitigate key project risks. The project is in the middle of completing the execution of a rigorous test plan that includes unit, systems integration, interface, user acceptance, and regression testing. The project is in the process of completing and executing detailed plans for user training, data conversion, and system implementation. A business transformation project has been executed in parallel with the IE Project, to make sure that systems users and their environments are ready for training, and ultimately using the new ONE System, once it is implemented in each of the three production rollout environments.

The IE Project is currently in the process of designing and developing solutions for the new change requests that CMS has mandated to be implemented in the new ONE System, beginning with the initial Pilot rollout of the system, scheduled for May 4, 2020. The project team has worked closely with OSCIO, LFO, and quality assurance oversight staff to assure that the project and its vendors are well managed, and that the project utilizes best practice project management and systems development lifecycle processes, tools, and standards. In particular, the project has worked closely with the QA vendor, OSCIO, and LFO to address key project risks and issues, to help mitigate potential serious impacts to the IE Project and the new ONE System.

Project governance has been particularly effective in providing leadership, direction, and informed timely decision-making to the project. While the IE Project is still eleven months from being completed, it is well positioned to meet its key milestones between now and December. That said, the schedule is very tight, and there are many things that could go wrong with the development and implementation of a new system that is as large, complex, and expensive, as the new ONE System. The project team (with support from its customer base throughout the state) is well aware of the challenges that they are facing, and is focusing on critical foundational planning, implementation activities, and risk mitigation activities, that will significantly improve the chances for the timely implementation of a new ONE System, that meets its DHS and OHA customers' requirements and expectations.

Based upon LFO's review of the current state of the IE Project, including critical project progress and status, baseline scope, schedule, budget, plus quality assurance risk evaluation documentation, LFO believes that the project is well positioned for a successful implementation before the end of 2020. However, in addition to effectively executing its workplan, the IE Project needs to take the necessary steps to respond to the QA and LFO recommended risk mitigations strategies and actions to help address, in advance, any remaining high project risk areas. Detailed LFO recommended risk mitigation actions are identified in the next section of this analysis.

## **B. LFO Recommendations**

LFO recommends acknowledgement of the receipt of the Department of Human Services' and the Oregon Health Authority's progress report to the JLCIMT for the IE Project. LFO further recommends that the Department of Human Services and the Oregon Health Authority undertake the following specific actions:

1. Report to the JLCIMT in May, September, and December with project progress, status, and variances to key performance metrics (i.e., scope, schedule, resource usage, financial, and risks). Also report progress on any outstanding legislative instructions.
2. Develop and execute a plan for dealing with the risks, issues, and concerns identified by the quality assurance vendor and LFO. This mitigation plan and related progress report should be provided to the JLCIMT in May 2020.
3. Provide OSCIO and LFO with a copy of the steering committee approved detailed impact analysis which provided supporting evidence for the recent decision to increase the scope of the IE Project, to delay the pilot rollout implementation by 30 days (April 6 to May 4), and to decrease the duration of the pilot rollout from four months to three months. In addition, provide the OSCIO and LFO with a steering committee approved baseline project scope, schedule, budget, and risk assessment supporting this recent major project decision.
4. Provide OSCIO and LFO with evidence of robust Pilot rollout eligibility related alternative business processes (work-arounds) being in place, that can be used to mitigate situations where the new ONE System is unable to fully process individual eligibility applications that may have highly unique characteristics.
5. Provide OSCIO and LFO with a copy of the steering committee approved Operational Readiness Review (ORR) checklists. These checklists must include objective measures for acceptable level of quality, acceptable level of risk, and the acceptable level of rollout "bumpiness" for each of the three planned implementation system rollouts. This plan should include what steps will be taken to make sure that the new system is not implemented before it is fully ready for production, and that the planned year-end final implementation milestone can be achieved.
6. Develop an end-of-year fall-forward plan to help mitigate the impacts of the final rollout of the new ONE System possibly being pushed out past the December 31, 2020 deadline. Provide the OSCIO and LFO with a steering committee approved version of the plan by September 1, 2020.
7. Provide the OSCIO and LFO by June 1, 2020, with a plan for helping mitigate the risks related to the lack of "slack" in the IE Project schedule (resulting from the recent scope changes to the project), by more effectively and efficiently performing the planned activities (during the June-December 2020 timeframe), related to the training, testing, rollout, data conversion, and operational support of the new ONE System.
8. By January 1, 2021 provide OSCIO and LFO with a finalized copy of (or provide evidence of): a) the ONE System Security Plan; b) the ONE System Operations and Maintenance Plan; c) the ONE System Disaster and Business Continuity Plans; d) the ONE System Users Manual; and e) all documentation required for the maintenance, support, and operation of the ONE System.
9. Continue to utilize independent quality management services. The contractor should:
  - Conduct ongoing risk and performance assessments, and respond to agency, OSCIO, LFO, and DAS feedback;

- Perform quality control reviews on the IE Project execution phase deliverables; and
  - Perform ongoing, independent quality management services.
10. Continue to follow the Joint State OSCIO/LFO Stage Gate Review Process.
  11. Continue to utilize a qualified systems integrator and project manager with experience in planning and managing programs and projects of this type, scope, magnitude, and complexity.
  12. Regularly report project status (including schedule, requirements and scope management, resource usage, financial expenditures, and project risks) to OSCIO and LFO throughout the project's lifecycle.
  13. Provide the OSCIO and LFO with all quality assurance reports throughout the project's remaining lifecycle.
  14. Utilize the Office of the State CIO's Enterprise Project and Portfolio Management (PPM) System for all project review, approval, and project status and QA reporting activities throughout the remaining lifecycle of the IE Project.
  15. Complete a formal "project close out" report upon completion of all IE Project phases.

- Motion on the LFO recommendations

**C. Final IT Subcommittee Action**

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