

2017-19 Biennium Budget Decision Package

FINAL

Agency: 303 Department of Health

Decision Package Code/Title: HE Replace Critical Licensing System

Budget Period: 2017-19

Budget Level: PL-Performance Level

Agency Recommendation Summary Text: The Department of Health requests expenditure authority to replace its legacy licensing and enforcement system. The new Healthcare Enforcement & Licensing Modernization Solution will improve data security, support electronic records management, and improve public access to information.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

| Operating Expenditures | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|-----------------------------------|----------|------------------|------------------|------------------|
| Fund 02G-1 | 0 | 1,679,000 | 6,209,000 | 6,309,000 |
| Total Cost | 0 | 1,679,000 | 6,209,000 | 6,309,000 |
| Staffing | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| FTEs | | 0.2 | 23.9 | 23.9 |
| Revenue | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| Fund 02G-1 | | 1,679,000 | 6,209,000 | 6,309,000 |
| Object of Expenditure | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| A - Salaries and Wages | 0 | 12,000 | 1,622,000 | 1,623,000 |
| B - Employee Benefits | 0 | 4,000 | 568,000 | 568,000 |
| C - Personal Service Contracts | 0 | 0 | 100,000 | 200,000 |
| E - Goods and Services | 0 | 1,582,000 | 3,647,000 | 3,646,000 |
| G - Travel | 0 | 0 | 0 | 0 |
| J - Capital Outlays | 0 | 81,000 | 231,000 | 231,000 |
| N - Grants, Benefits & Client Svc | 0 | 0 | 0 | 0 |
| T- Intra-Agency Reimbursements | 0 | 0 | 41,000 | 41,000 |

Package Description

This package requests funding to acquire a health care provider enforcement, licensing and management solution to replace and enhance the functionality currently provided by Integrated Licensing and Regulatory System (ILRS).

The department uses ILRS to carry out the critical healthcare licensing and education component of its mission-driven patient safety work. ILRS is integral to capturing, retaining, and coordinating information crucial to the department's healthcare licensing and enforcement mission. The system is a highly customized product that no longer effectively supports enforcement requirements or educational programs – and the gap has widened as the department's business needs have evolved. Further, the ILRS vendor has indicated that the current version is nearing the end of its life.

The replacement solution will better integrate the components of regulation; licensing, enforcement, public disclosure and will better support adapting to changes in the healthcare environment such as new license types and broadly integrated healthcare systems.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

The department currently spends \$1.5 million dollars per year and 12 FTE's supporting ILRS.

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Estimates are based on a feasibility study conducted by a vendor experienced with such assessments. Final estimates will not be available until a vendor is selected, expected to be by April 2019. Based on previous experience with system development and implementation, the department will use subject matter experts (HSC4s) from different functional areas within the department (e.g. legal, investigations, licensing, and regulatory programs). These staff will help ensure that HELMS system is consistent with and supportive of organizational processes. This will allow for the quick development of approaches that meet operational needs and will lead to a better solution.

- Expenditures will include hardware/software contracts as well as salaries and benefits. During development and implementation .20 FTE in FY19 and 23.9 FTE in FY20 and FY21. In FY22 10.0 FTE. These staff will perform the following development functions in FY2019 and 2020:
 - Project Manager
 - System Architect
 - Lean Manager
 - Business Requirements Manager
 - Data Conversion Manager
 - Interface Manager
 - Configuration Manager

- Testing Manager
- Lean Facilitators (2)
- Business SME Leads (7)
- Technical SME Leads (2)
- Contracts Lead

The project will transition to maintenance and operations during FY2022. The following functions will be needed:

- Operations Manager
 - Configuration/ Development Manager
 - Business Analysts (2.9)
 - Customer/User Support Lead
- Revenue for system development and implementation will come from a temporary surcharge to all licensees in FY19 through FY22. Based on the feasibility study estimate of \$18 million the surcharge would be up to \$10 assessed to each application and renewal for 4 years.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change. ([results washington link](#))

Acquiring a modern health care provider enforcement, licensing, and management solution would:

- Reduce the risk of system failure.
- Reduce the risk of inappropriate access to sensitive information.
- Support electronic records management, reducing the risk and labor-intensive manual effort associated with paper-based records.
- Provide role-based security to support best practices, such as separation of duties.
- Increase public access to information to support personal health care decisions.
- Allow non-technical business staff members to improve workflows.

Performance Measure detail:

This initiative integrates with goals for Results Washington and the Department of Health Strategic Plan.

- Results Washington
 - Goal 4: Healthy & safe communities
 - Goal 5: Efficient, effective & accountable government
- Department of Health Strategic Plan
 - Goal 1: Protect everyone in Washington from communicable diseases and other health threats – Resolve healthcare provider and facility complaints and allegations of misconduct or unsafe care.
 - Goal 5: Ensure core business services are efficient, innovative and transparent – Modernize Information Technology services, processes, and capabilities that support business solutions aligned with public health.

In addition, the agency has identified several key high level performance measures with the plan to build out more detailed performance measures in support of monitoring success for both internal and external stakeholders.

- Implement the Healthcare Enforcement & Licensing Modernization Solution within scope and budget.
- Implement a Web-based portal for healthcare providers to review and manage relevant credential information (such as address updates, healthcare specialties, etc.). This capability is anticipated to be phased in by profession; by end of project, all provider types able to access this portal. **Goal:** 100% of providers able to review and manage relevant credential information by FY2023.
- Automate the Health Professions Shortage Area (HPSA) survey process. This will increase access to this data for healthcare system and workforce development planning. **Goal:** 100% of designated provider types are able to be surveyed to support the agency's Health Professions Shortage Area assessment by FY2022.

Fully describe and quantify expected impacts on state residents and specific populations served:

The department licenses and regulates more than 430,000 healthcare professionals, 1,800 educational and training programs, and 7,000 facilities. The department's goals in acquiring HELMS are to:

- Improve customer service by automating workflows for licensing and enforcement which will, in turn, reduce response time to providers and facilities and reduce risk of human error during re-entry and manual processing.
- Enable more granular security permissions; as a result, user roles can be extended to providers and facilities so that applications, renewals and contact updates can be captured at the source and status of licensing and enforcement activities can be viewed in real time by authorized providers and facilities.
- A modern solution will reduce unnecessary re-work, data entry, and other system workarounds, allowing staff to spend more time performing tasks that directly contribute to patient safety and access to care, resulting in increased job satisfaction.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

| Impact(s) To: | | Identify / Explanation |
|---|----|--|
| Regional/County impacts? | No | Identify: |
| Other local gov't impacts? | No | Identify: |
| Tribal gov't impacts? | No | Identify: |
| Other state agency impacts? | No | Identify: |
| Responds to specific task force, report, mandate or exec order? | No | Identify: |
| Does request contain a compensation change? | No | Identify: |
| Does request require a change to a collective bargaining agreement? | No | Identify: |
| Facility/workplace needs or impacts? | No | Identify: |
| Capital Budget Impacts? | No | Identify: |
| Is change required to existing statutes, rules or contracts? | No | Identify: |
| Is the request related to or a result of litigation? | No | Identify lawsuit (please consult with Attorney General's Office): |
| Is the request related to Puget Sound recovery? | No | If yes, see budget instructions Section 14.4 for additional instructions |
| Identify other important connections | | |

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

The department could continue to use its legacy system with potential risks as described here. Since 2014, the vendor has implemented four system updates to address regulatory and legislative changes. Changes of this type are no longer supported by the vendor. Given the vendor's warnings that the current system is approaching its end of life, the department would likely see an increase in resources devoted to short term fixes to stave off systemic failure. After support is discontinued, systemic failures would require the department to abandon problematic functions in the system and implement manual workarounds that would result in decreased efficiencies, increased staff costs, and reduced data quality. Funding this request now allows the department to avoid costly, inefficient fixes, and customer frustration by not delaying a replacement that is inevitable. Due to the unpredictable nature of these systemic failures, it is difficult for the department to estimate the financial and staffing impact.

The department would also continue to operate without integrated electronic records management. This increases risk and requires labor-intensive manual efforts to create and manage paper-based records. Enforcement components of the legacy system would continue; however, these do not meet DOH business needs and are cumbersome to use, requiring a significant amount of manual data entry.

The department has chosen the option to proceed with the acquisition of a new solution in order to mitigate the risks described above and to take advantage of the opportunity the new solution will provide to transform our business processes.

What are the consequences of not funding this request?

Without additional expenditure authority, the department would continue to use its current system even though the current system is approaching its end of life. The vendor has indicated that it will discontinue support for the system in the future. They've notified the department that requests for system updates will not be accepted. The department must regularly implement legislation that requires system changes. Given the current status of the system, the vendor would not make these changes and the department would need to develop labor intensive manual work arounds. At this time the vendor has agreed to continue providing security patches and bug fixes for the system's core functionality. However, the department is concerned that, as the system ages the vendor may reach a point of no longer providing even that level of support. This could create a significant risk for system failure and security risk for confidential data and the agency and state technology infrastructure. The vendor is anticipating the department to move to its new platform, which would entail a significant investment by the department, in cost, and resources, and would be a major project.

Without having integrated credentialing and discipline systems, the department introduces the risk of licensing applicants with disciplinary histories that are missed during a search of records.

There is also an opportunity cost to delaying acquisition of a new solution. If the implementation is delayed and occurs after the existing solution reaches end of life, or experiences systemic failures, then the associated risks and costs of acquisition and implementation will increase.


Over time the number of health care credentials has steadily increased an average of 3.4 percent annually. Due to the limitations of the current system the department has relied on increased staffing to address this growth. A more integrated and automated solution is expected to reduce future staffing and facility costs.

How has or can the agency address the issue or need in its current appropriation level?

If the system never fails, the department can continue at current functionality within current appropriation. If the department does experience system degradation or partial failure, it could resort to manual processes or the use of side systems. The department is not aware of a current solution that can be obtained within its current appropriation.

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

| Information Technology Items in this DP <i>(insert rows as required)</i> | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|------------|--------------------|--------------------|--------------------|
| HELMS | \$0 | \$1,580,000 | \$3,450,000 | \$3,450,000 |
| Total Cost | \$0 | \$1,580,000 | \$3,450,000 | \$3,450,000 |

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service? Yes No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) Yes No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.