**FINAL**

Agency: **303 Department of Health**
Decision Package Code/Title: **LC     Online Licensing**
Budget Period: **2013-15**
Budget Level: **PL-Performance Level**

## Recommendation Summary Text:

The Department of Health is requesting FTE and appropriation authority to do research and planning for the design and development of the upcoming Online Licensing and Information Collection project. This project will be fully funded by fees collected from health care professions and facilities.  Current operating revenue will support the additional operating expenses of this proposal.  As a result, this proposal does not require any fee increases.

### Fiscal Detail

| Operating Expenditures | | FY 2014 | FY 2015 | Total |
|---|---|---|---|---|
| 02G-1 | Health Professions Ac | 848,000 | 0 | 848,000 |
| **Total Cost** | | **848,000** | **0** | **848,000** |
| **Staffing** | | **FY 2014** | **FY 2015** | **Annual Avg** |
| FTEs | | 3.8 | | 1.9 |
| **Revenue** | | | | |
| **Fund** | **Source** | **FY 2014** | **FY 2015** | **Total** |
| 02G-1 | 0299 Other Licenses/Permits | | | |
| **Total Revenue** | | **0** | **0** | **0** |

## Package Description:

Department of Health's (DOH) Division of Health Systems Quality Assurance (HSQA) is responsible for licensing and regulating health care professions and facilities.  Currently, HSQA licenses approximately 7,000 facilities and close to 400,000 providers in 83 professions.  The volume of new provider applications and the number of professions regulated by the department continues to grow.  Timely processing of provider license applications and renewals is an important component of patient safety because it improves access to care.  In addition, information consistency and accuracy will improve because edits embedded in an online system require entry of complete responses.

In February 2008, DOH implemented a vendor system to support core licensing and disciplinary activities for health care providers, facilities, and services.  In the 2011-13 biennial budget, the department requested and received FTEs and appropriation authority to implement online access and payment functionality for health care provider licensing renewals for all professions and new applications for eight professions.  That project was completed on schedule on June 30, 2013.  In the 2013-15 biennial budget, the department requested an additional 8.1 biennial FTEs and $2,577,000 in appropriation authority beginning in Fiscal Year (FY) 2014 to continue to implement online access and payment functionality for new license applications for the remaining health care professions and new license applications and renewals for at least five regulated facility types.  The request also included automating the processing of surcharges and implementing functionality to collect demographic information for health care providers.  The department received 8.2 annual FTEs and $1,693,000 in FY 2015 for the Online Licensing and Information Collection project.  The department is requesting an

additional 4.1 annual FTEs and $843,000 appropriation authority in FY 2014 to complete research and planning for the design and development of this project.

Initially the department expected to use functionality included in the vendor system to implement online processing of applications for new licenses. After implementing online license renewals during the 2011-13 biennium the department was able to more fully assess the capacity of the online components in the vendor system, and gain important knowledge about customer expectations and practices. It is now clear that the vendor system is not able to accommodate the variety and complexity of the statutory requirements for Washington state health care professions and facilities license applications. The department explored working with other state agencies to use existing online systems and talked with the vendor about modifying its system to accommodate the Washington State requirements. DOH determined that developing its own online components that link to the core vendor system would be the most efficient and least risky approach.

Given the complexity of the Online Licensing and Information Collection project and its importance to patient safety and health care system planning, it is essential that the department begin project planning in FY 2014. The department is also proposing to develop the requirements and research options for the collection of demographic information. Thorough pre-planning will reduce project risk and allow the benefits of the Online Licensing and Information Collection project to be realized sooner. At the end of this pre-planning effort the department would have a detailed project plan for the Online Licensing and Information Collection project, an operational online system prototype for at least one health care profession license type, general requirements for all health care profession license types, a detailed plan and requirements for implementing the collection of health care provider demographic information and detailed requirements for the use of automated processing of surcharges on individual health care licensees.

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## Narrative Justification and Impact Statement:

### *What specific performance outcomes does the agency expect?*

Beginning project planning for the Online Licensing and Information Collection project in FY 2014 will reduce project risk and allow the benefits of the Online Licensing and Information Collection project to be realized sooner. Those benefits include:

1. Health care providers and facility administrators will be able to renew or apply for licenses, check the status of applications and licenses, and pay online twenty-four hours per day, seven days per week. The turn-around time for application processing will be reduced because providers and facility administrators will be able to enter information and pay online. The number of checks returned for insufficient funds (NSF) will be reduced because online payments will be validated prior to acceptance by the online system. Refunds will be reduced because the online system will require submission of the correct amounts for each type of transaction. Information consistency and accuracy will improve because edits in the online system will require entry of complete responses.

2. Health care providers will be able to enter demographic information online when they renew their license. Accurate health care workforce information will improve access to health care and reduce health disparities by: 1) assisting policy makers in developing targeted solutions to address workforce shortages; 2) identifying workforce needs culturally and geographically to meet future health care demands; 3) assessing training and educational needs for the health care workforce; 4) helping the health care workforce mirror the populations they serve; and 5) promoting diversity in the field.

3. The process for applying and processing surcharges on individual health care licenses will be fully automated.


**Performance Measure Detail**

## Activity:  A015 Patient and Consumer Safety


*Is this DP essential to implement a strategy identified in the agency's strategic plan?*

Goal 3: Everyone in Washington has improved access to safe, quality, and affordable health care.
Objective 1: Our regulatory system supports the delivery of quality and efficient patient care.
Strategy 1: Remove barriers and streamline regulatory processes.

Goal 4: Business practices and processes provide the greatest value to the public and ensure accountability.
Objective 1: The health information and services we provide meet the needs of our customers and are delivered in efficient and effective ways.
Strategy 1: Expand our on-line business capabilities.
Strategy 3: Develop a plan to guide how we collect, manage, analyze and present data that informs public health decisions.

The Online Licensing and Information Collection project supported by this proposal will implement a system that will reduce health care provider license processing time and increase information accuracy.  Patient safety is enhanced when providers are able to practice sooner and accurate information about the workforce is available to conduct meaningful health care system planning.


*Does this decision package provide essential support to one of the Governor's priorities?*

Yes.  This supports Results Washington Goal 4 Healthy and Safe Communities and Goal 5 Efficient, Effective and Accountable Government.

Goal 4 Healthy and Safe Communities – the Online Licensing and Information Collection project supported by this proposal will enhance patient safety for the health care system in Washington State.  Ultimately that project will implement twenty-four hour per day online access, seven days per week, for providers to submit license applications, renewals and payments.  In addition, that project will implement the capability to collect demographic information on the health care workforce which will improve access to health care and reduce health disparities by supporting effective health care system planning, and assisting policy makers in developing targeted solutions to address workforce shortages.

Goal 5 Efficient, Effective and Accountable Government – the Governor has asked departments to look for more cost effective, efficient ways to do business and implement LEAN principles to reduce waste and make business processes more efficient.  The current licensing process is paper based and very labor intensive.  Expanding the online service delivery model will allow the department to eliminate the waste and inefficiency associated with paper processing.  If the department continues to do business in the same way, the number of staff needed will continue to grow.  Automating and redesigning businesses processes to align with LEAN principles is expected to slow the need for additional staff while supporting good customer service as the demand for service increases.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

Yes. This supports the Governor's Health Care priority. With increasing evidence of provider shortages, timely processing of provider license applications and renewal is an important component of patient safety because it improves access to care. The capability to collect demographic information on the health care workforce will also improve access to health care and reduce health disparities by supporting effective health care system planning and assisting policy makers in developing targeted solutions to address workforce shortages.

***What are the other important connections or impacts related to this proposal?***

For several years, the providers, through their boards, commissions and professional associations, have requested the ability to pay by credit card and the efficiency of online licensing. Completion of this project demonstrates a responsive state government.

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

Initially the department expected to use functionality included in the vendor system to implement online processing of applications for new licenses. After implementing online license renewals during the 2011-13 biennium the department was able to more fully assess the capacity of the online components in the vendor system, and gain important knowledge about customer expectations and practices. It is now clear that the vendor system is not able to accommodate the variety and complexity of the statutory requirements for Washington state health care professions and facilities license applications.

The department considered partnering with another agency to deliver online services. The approach was not feasible due to the complexity of the statutory requirements related to health care provider licensing and the necessary linkage to the department's core system.

The department also considered not moving forward with expanding online services. This approach would have a number of negative impacts on the agency's ability to improve service to customers. The current licensing process is paper based and very labor intensive. Timely processing of provider license and facility applications is an important component of patient safety because it improves access to care.

***What are the consequences of not funding this package?***

If the department is not funded for this effort, it will not be able to begin research and planning for the Online Licensing and Information Collection project for which it received funding in the 2013-15 biennial budget. This will further delay the recognition of the benefits and increase the risks for that project.

***What is the relationship, if any, to the state capital budget?***

None.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

None.

*Expenditure and revenue calculations and assumptions*

Revenue:

There is sufficient revenue to support this request.

Expenditures:

Staff necessary includes 0.8 FTE Program Managers (WMS02), to plan and manage the project keeping it within budget and on schedule. The research and planning team will consist of 0.8 FTE Information Technology Specialist (ITS) 4 and 2.2 FTE ITS 5. Total staffing and related costs, including indirect costs are $442,000. Additional computer hardware is estimated to be $10,000 and a personal service contract of $396,000 for developing online components that link to our current system.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

All costs are one-time.

***For federal grants: Does this request require maintenance of effort or state match?***

None.

***For all other funding: Does this request fulfill a federal grant's maintenance of effort or match requirement?***

| Object Detail | | FY 2014 | FY 2015 | Total |
|---|---|---:|---:|---:|
| A | Salaries and Wages | 231,000 | 0 | 231,000 |
| B | Employee Benefits | 72,000 | 0 | 72,000 |
| C | Personal Service Contracts | 396,000 | 0 | 396,000 |
| E | Goods and Services | 134,000 | 0 | 134,000 |
| G | Travel | 0 | 0 | 0 |
| J | Capital Outlays | 10,000 | 0 | 10,000 |
| T | Intra-Agency Reimbursements | 5,000 | 0 | 5,000 |
| | | | | |
| **Total Objects** | | **848,000** | **0** | **848,000** |