

DSHS Launches Great Big Computer Project – And This One Works!

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the kind of story you don't often hear about the biggest and most embattled agency in state government. It's not about what went wrong. It's about what went right.

\$17 Million a Day

The new ProviderOne system is designed to be the payment system for DSHS and for the state's Medicaid programs, all of which were under the same roof until a legislative reorganization this year. The federal government pays 90 percent of the cost. Those payments are a big job. The Medicaid program alone covers 1.2 million people. It makes payments of \$4.5 billion a year, to 40, 000 doctors, clinics, hospitals, pharmacies and other providers. That's \$17 million a day. Until May 9, the bulk of those Medicaid payments were handled by the agency's old computer system, the Medicaid Management Information System – they all have names. And old was the word for it. The system went online in 1982; some of the software dated back to 1978, and the green-and-black screens had that old COBOL look that vanished from the business world years ago. "It was the kind of computer screen that I might have looked at when I took my first computer course in high school years ago, " said Heidi Robbins Brown, deputy assistant secretary for the state Medicaid program, and the agency manager responsible for the ProviderOne project. And the new system? Well, it does pretty much what you'd expect – the same stuff and a lot more. Now Medicaid clients can swipe their new plastic cards through card-readers at doctors' offices, hospitals and other provider locations. Their information pops up instantly on the office computer. A few keystrokes and a clerk can check client eligibility. No more paper coupons for the state to mail out; no more phone calls to the DSHS call center to check client information; no more long waits on hold. There are a few other features of that sort. Most of them are the kind of things people came to expect in a modern computer system about midway through the Clinton Administration. It's just that the old system wasn't capable of it. And then there are the parts that no one outside the agency sees. Data warehousing, modular upgrading. Accounting mistakes will be easier to catch. Meaning fewer overpayments, fewer corrections. The system will

know when a patient is in the hospital, so the state won't pay for in-home care. It will link to vital statistics kept by the Department of Health. So no more payments for the dead. That sort of thing.

No Whiff of Scandal

Really, the remarkable thing about the system isn't the hardware and the software. It's that DSHS managers were able to oversee development of an enormous information technology project and go live without scandal. Certainly there were a few "bumps and bruises" along the way, Robbins Brown admits – you expect that in a big IT project. Pharmacies went online in October 2008; the cards were supposed to be sent to Medicaid clients last fall. But last December, just before the rest of the Medicaid system was to be switched over, the agency decided to hold back for four months to fix minor bugs and give staff and providers more time to train. Cards were mailed in April. That's a hiccup by the old standards. Back in the '80s and '90s, DSHS wasn't the only state agency that had trouble developing enormous computer systems. The Department of Licensing and the Department of Employment Security each had systems that ran tens of millions of dollars over budget and took years longer to develop than anyone figured. But DSHS? It was a special case. In 1982, the agency started developing a system called COSMOS, short for Community Services Management and Operations System. It was supposed to automate eligibility processes for welfare grants, food stamps and medical assistance. Seven years later department officials admitted they poured \$20 million down a rathole. They discovered that front-line employees could get things done twice as fast with paper. Then Gov. Booth Gardner faced the TV cameras and assured the public it would never happen again – not on his watch! There was a management shuffle at DSHS. The agency started over. Its new improved ACES system, short for Automated Client Eligibility System, was supposed to cost only \$10 million and take two years to develop. Within a year an indignant Gardner was facing the TV cameras again. The system finally went live in 1997, five years late, at a cost of \$54 million. The ACES system is still used today. There were technical problems, to

be sure, but what really tripped up those projects were management issues. The department kept changing specifications, project managers failed to take charge when it was obvious the consultants were in trouble, and it came up with cost-estimates that ignored basic things, like making sure hardware and software was compatible. It all came out in the hearings. There were a lot of those. So what did DSHS do right this time? Management Makes a Difference Robbins Brown wasn't part of the ACES or COSMOS projects and doesn't make direct comparisons. And of course those projects might not be anything anyone at DSHS wants to remember. But the way she tells the story, it appears there are a number of key differences. DSHS hired experienced project managers. The agency hired John Anderson as project manager and Gena Cruciani as his deputy. Anderson had worked on a large claims handling system for Weyerhaeuser, and immediately before ProviderOne, both had worked on a major upgrade to the state's Medicaid systems, so they were familiar with how it worked. DSHS awarded a fixed-price contract. Contract for the system was awarded to Rockville, Maryland-based CNSI on a fixed-price basis. That meant that if there were delays, the state wasn't on the hook. The contract timeline also established deliverables along the way, and project managers kept close tabs on the progress. DSHS wasn't the pioneer. CNSI is a relatively new entrant in the Medicaid claims-processing business, but Washington wasn't its first customer. A Maine system encountered serious troubles when it launched in 2005, but that left plenty of time to work out the bugs here. Other customers are Michigan and South Dakota. DSHS resisted the temptation to make changes. "We had a fairly ambitious scope from the beginning, but it was clearly articulated," Robbins Brown said. "We didn't add to it." DSHS launched an enormous outreach effort. The agency scheduled hundreds of meetings and training sessions with workers and providers; beefed up its call-center help desk, posted "webinars" on the Internet, hired coaches. Providers representing 90 percent of payments received training before the system went live; training

efforts continue. The biggest hurdles in developing a large IT project aren't technological, Robbins Brown explained. They're about management. She's not quite ready to declare victory. Give it a few weeks and then she'll decide. And it's not over yet. In two years, the agency's non-medical social-service programs will move to the new system as well. One good thing about the system, she said – it's modular, so it can be upgraded one piece at a time. "Once every 25 years is not too often, and the good news is I don't think we'll ever have to a whole-system upgrade ever again." Again – knock on wood.