Report
to
The LEGISLATIVE FINANCE COMMITTEE

Human Services Department
Automated System Program and Eligibility Network (ASPEN)
October 25, 2013

Report #13-10

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October 25, 2013

Sidonie Squire, Secretary
Human Services Department
P. O. Box 2348
Santa Fe, New Mexico 87504

Dear Secretary Squire:

On behalf of the Legislative Finance Committee (Committee), I am pleased to transmit the information technology (IT) program evaluation of the Human Services Department Automated System Program and Eligibility Network (ASPEN) also known as the *Integrated Eligibility System Project*. The evaluation assessed the status of implementation and the potential impact to operations and staffing needs.

The report will be presented to the Committee on October 25, 2013. An exit conference was held with the Human Services Department on October 15, 2013 to discuss the contents of this report. The Committee would like a plan to address recommendations in this report within 30 days of the hearing.

I believe this report addresses issues the Committee asked us to review and hope your department will benefit from our efforts. We appreciate the cooperation and assistance we received from your staff.

Sincerely,

David Abbey, Director

Cc: Representative Luciano "Lucky" Varela, Chairman, Legislative Finance Committee Senator John Arthur Smith, Vice-Chairman, Legislative Finance Committee

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ASPEN
Project Funding
(in millions)

State	$20.4
Federal	$94.5
Total	**$114.9**

Source: GAA and HSD

The ASPEN project is on time and on budget.

ASPEN
Major Contracts
(in millions)

Vendor	Award Amount
Deloitte	$73.0
Dewpoint	$4.6
Cognosante	$2.0
Northrup Grumman	$5.9
Total	**$85.5**

Source: HSD

ASPEN will cost 121 percent more to operate and maintain than the legacy eligibility determination system ISD2.

The Income Support Division (ISD) of the Human Services Department (HSD) plays the critical role of making services available for over 800 thousand low-income clients through statewide programs of financial assistance, food assistance, employment assistance, Medicaid, and training services. At a cost of $115 million, HSD is replacing its Integrated Service Delivery (ISD2) system for eligibility determination, benefit issuance and case management system with the Automated System Program and Eligibility Network (ASPEN). The ASPEN project is on time and on budget. Being one of the most expensive information technology (IT) projects in the state, it was very well managed and is a model for best practices in project management and oversight.

The purpose of ASPEN is to have an integrated eligibility system, which will improve public access to services through the web and streamline services by providing field staff with a more efficient and technically advanced eligibility tool. The ASPEN system will enhance HSD's ability to administer over seven programs, including Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Low Income Home Energy Assistance (LIHEAP), Medicaid and Cash Assistance.

While this investment has benefits, it does not appear it will reduce staffing needs, particularly in light of Medicaid expansion. As HSD continues to roll out ASPEN, filling vacancies and redirecting positions, the department needs to develop a staffing plan to ensure resources are used efficiently. Similarly like most agencies, HSD is challenged to recruit and retain qualified IT staff because state salaries for IT professionals are lower than industry.

KEY FINDINGS

HSD's new eligibility system, ASPEN, will cost taxpayers $115 million to implement. Scheduled for completion in FY14, HSD initiated the four phase implementation with the pilot in ISD's Rio Arriba County office in July 2013, continuing with three phases in September 2013, November 2013 and January 2014.

In FY15, maintenance and operation cost for the ASPEN system will increase by $6.4 million to $11.7 million. HSD estimates it will need $4.9 million in additional general fund to compensate for the increased maintenance and operational costs in FY15. The ASPEN warranty period is through June 30, 2014. Therefore, the increase in maintenance cost is not until FY15. HSD is currently developing a request for proposals (RFP) for maintenance and operations, and anticipates issuing the RFP by the end of November 2013, with a contract award by July 2014. Larger and more-complex applications cost more to operate (Gartner, March 2010).

ASPEN requires repurposing existing staff to other positions to support ISD.

As of October 4, 2013, HSD filled 48 of the 75 expansion positions authorized for FY14.

The Centers for Medicaid and Medicare Services (CMS) values the success of HSD's project management.

ASPEN should result in many benefits, however, improved productivity might not reduce staffing needs for ISD. With ASPEN, new business processes such as electronic document management and going 100 percent paperless will reduce the caseworker's time in locating case files and increase the timeliness in processing applications. ASPEN will improve data collection and data integrity, benefit timeliness, and increase claim accuracy and collection. ASPEN will increase accessibility to recipients with a self-service website (YES-NM) and by calling an Interactive Voice Response (IVR) system.

HSD was not required to document expected cost-savings, particularly in staffing, from implementing an expensive large scale IT project. The Department of Information Technology (DoIT) requires a business case for detailing the business problem and proposed solution when submitting a request for IT funding. However, the required cost benefit analysis in the business case is limited and rarely quantified.

Initially required by CMS, in March 2011, HSD estimated total cost of $103 million and estimated benefits of $98 million resulting in a benefit to cost ratio of 95 percent. HSD is no longer required to show the return on investment and was not required to calculate cost savings. With budget and actual cost data, HSD has the opportunity to determine the return on investment for the $115 million system.

ASPEN project management and oversight is successful, ensuring the project is on time and on budget and is a model for best practices. HSD's commitment of staff resources, both quantitatively and qualitatively had a positive impact on project management. ASPEN project personnel at all levels, senior management, business leads, application, testing, and technical infrastructure were fully focused on the completion of critical tasks necessary to ensure the start date of the pilot and continuing success in implementation.

The ASPEN project is successful because of three factors. Each of these factors; top management support, a sound methodology, and solid technical leadership by someone who has successfully completed a similar project is vital to any project's success. Without each of these solidly in place, the project would have failed.

KEY RECOMMENDATIONS

The Human Services Department should:

- Work with the State Personnel Office to reallocate IT vacancy savings to reclassify information technology positions at a more competitive higher pay band to help the department recruit and retain qualified IT staff;
- Evaluate the impact of Medicaid expansion on caseload projections and develop a staffing plan; and
- Use current budget and cost data to calculate the return on investment for stakeholders and to provide a benchmark for other large IT projects.

BACKGROUND INFORMATION

Background. The primary mission of the Income Support Division (ISD), Human Services Department (HSD), is to relieve, minimize or eliminate poverty and to make available certain services for eligible low-income individuals and families through statewide programs of financial assistance, food assistance, employment assistance, Medicaid, and training services. The Integrated Service Delivery (ISD2) system is HSD's automated eligibility determination and case management system that supports the administration of public assistance programs. The system is also used in the establishment of claims and has numerous interfaces.

The HSD ISD2 system was initially funded in 2001, as the state system application link to services for assistance (SSALSA) project. In an October 2002 report to the Information Technology Commission (ITC), HSD reported the SSALSA project did not have qualified staff, federal approval and sufficient funding. Further, the LFC reported HSD had incurred almost $20 million in contractor costs, of which it still owed $11.6 million. Ultimately, HSD paid the balance using appropriations from the general fund and federal funds, but the SSALSA project was never completed.

In September 2011, HSD initiated the Automated System Program and Eligibility Network (ASPEN) project to replace the ISD2 system, currently over 25 years old, and six other supporting legacy systems. The premise behind replacing the current ISD2 system and enhancing eligibility determination has not changed. The goal of the replacement is to have an integrated eligibility system, which will improve public access to services through the web and streamline services by providing field staff with a more efficient and technically advanced eligibility tool. ASPEN will determine program specific eligibility and distribute benefits to better administer assistance programs and comply with current and future federal requirements for over 800 thousand clients. The replacement system will enhance HSD's ability to administer over seven programs, including Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Low Income Home Energy Assistance (LIHEAP), Medicaid and Cash Assistance.

ASPEN's foundation originated with Michigan's Department of Human Services' Bridges system developed by Deloitte Consulting (Deloitte). Implemented in August 2009, Bridges is Michigan's eligibility system used to register clients, maintain client cases, and determine and issue benefits for its public assistance programs. With Bridges as the foundation, ASPEN includes customized components to meet HSD's requirements and needs for its integrated case management, eligibility determination, and benefit delivery system for the public assistance programs. Illinois is transferring Michigan Bridges base system and some components of ASPEN (i.e. the automated eligibility rules). HSD has willingly shared their experiences with the Centers for Medicare and Medicaid Services (CMS) while working collaboratively with other states.

Project Status. The ASPEN project is on time and on budget. In addition to an integrated eligibility system, ASPEN will bring new customer service features: a self-service website (YES-NM) that allows New Mexicans to apply for benefits online, effective October 1, 2013, and the Interactive Voice Response System that allows New Mexicans to use their phones to inquire on the status of benefits, effective February 2014. Scheduled for completion in FY14 (see project timeline in **Appendix B**), HSD initiated a four phase implementation beginning with the pilot on July 2013 and continuing in three phases:

- Wave 1 – 14 southern counties, go live September 2013;
- Wave 2 – 16 northern counties, go live November 2013; and
- Wave 3 – Bernalillo county, go live January 2014.

During the system rollout (July 3013 – January 2014), HSD's ability to generate reports will be limited as information will have to be manually generated and combined from multiple legacy systems and ASPEN.

ASPEN officially went live July 22, 2013, in the Income Support Division's pilot office in Rio Arriba County. Approximately 25 thousand closed and active cases were converted from six legacy systems with a benefit match of 87 percent between ASPEN and the legacy system. The 87 percent match rate is higher than other states' benefit match rate which ranged from 27 percent to 80 percent when implementing their new eligibility systems. Causes of benefit mismatches include data not converted correctly, required data missing from the legacy system or data not having a coding equivalent. Cases with a variance are placed in a "mismatch" status. HSD has assigned three full-time staff to assess and resolve mismatches at next recertification or case action. In the meantime, ASPEN continues benefit issuance as it was in the legacy system. HSD monitors progress on a weekly basis.

Pilot lessons learned provided the project team opportunities for improvement and time to remediate key issues to ensure ASPEN readiness for statewide roll-out. One of Deloitte's contract deliverables is to provide HSD a status report of the ASPEN pilot phase. The report includes information on the overall performance of the pilot for the project team to evaluate the ASPEN system, training programs, site support, help desk, and conversion readiness for statewide implementation. Various process were reviewed for improvements and changes made prior to the next implementation.

As each ASPEN go-live wave nears, state and Deloitte site support staff are deployed to help local ISD offices complete readiness activities and assist with the transition to ASPEN 30 days prior to the go-live date. In addition, site support staff will remain one month after the go-live date providing on-site expertise to help problem solve and assist staff with the new system.

With the successes and lessons learned from the pilot, the Wave 1 ASPEN rollout to production for 14 counties was implemented on schedule. The project team monitors the system closely on a daily basis, conducting daily meetings, and issuing daily status reports. HSD continues to improve and enhance the ASPEN rollout training curriculum. Updates are frequently made based on feedback from staff who attended training, trainers who taught the course, as well as updates and enhancements that continue to be made to ASPEN itself. The department scheduled training for Wave 2 rollout beginning on October 7, 2013.

ASPEN and the Health Insurance Exchange. The Patient Protection and Affordable Care Act (ACA) of 2010 requires implementation of new Medicaid rules, an interface with the Health Insurance Exchange (HIX), and a mechanism to provide eligibility determination based on applications submitted through a web portal. To comply with the requirements, HSD allocated $7.5 million of the Level One Health Insurance Exchange Establishment grant for IT interfaces and other exchange related costs. HSD amended Deloitte's ASPEN contract to reflect the new deliverables to meet the federal mandated changes.

As of October 1, 2013, ASPEN implementation of the YES-NM online portal includes functionality to transfer data to ASPEN for Medicaid eligibility determination and enrollment. In the first week, 311 individuals were evaluated for ACA Medicaid eligibility using YES-NM. If clients are not eligible for Medicaid the exchange will be electronically notified automatically. Thirty-nine of the 311 individuals will be transferred to the Federally Facilitated Marketplace.

THE HUMAN SERVICES DEPARTMENT'S NEW ELIGIBILITY SYSTEM, ASPEN, WILL COST TAXPAYERS $115 MILLION TO IMPLEMENT

Current funding for the ASPEN project is $114.9 million, of which $20.4 million or 18 percent is state funding and $94.5 million or 82 percent is federal funding. The new system replaces the department's ISD2 system, which is over 25 years old and integrates six legacy systems into one, which will improve public access to services through the web and streamline services. The replacement system will enhance HSD's ability to administer seven programs, including Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Low Income Home Energy Assistance (LIHEAP), Medicaid and Cash Assistance.

Table 1. ASPEN
Project Funding Summary
(in millions)

Funding Source	General Fund	Federal Funds	Total
Laws 2007, Chapter 28, Sec 7 (19)	$1.6	$7.2	$8.8
Laws 2007, Chapter 28, Sec 7 (21)	$1.5	$6.7	$8.2
Laws 2009, Chapter 124, Sec 7 (8)	$6.4	$29.0	$35.4
2009 CHIP Bonus Swap for GF	$0.9		$0.9
Laws 2010, Chapter 6, Sec 7 (14)	$1.9	$8.7	$10.6
SB10, 1st S. Session, 2011 (STB)	$8.1	$34.5	$42.6
Connecting Kids Outreach & Enrollment		$0.8	$0.8
Level 1 HIX Implementation Grant		$7.6	$7.6
Total	**$20.4**	**$94.5**	**$114.9**

Source: GAA and HSD

With approval by federal partners, the ASPEN budget increased in 2012 by $31 million, and again in 2013 increased by $8 million to the current budget of $114 million, 53 percent overall. The implications of the ACA, implementation of new Medicaid rules, an interface with a Health Insurance Exchange, and a mechanism to provide eligibility determination based on applications submitted through a web portal warranted the increases.

Table 2. Aspen Project Budget
(in thousands)

Category	SFY11	SFY12	SFY13	SFY14	SFY15	Total
Contracts	$823	$1,951	$7,908	$3,476	$574	$14,732
DDI Vendor		$13,065	$15,987	$26,015	$11,220	$66,287
Hardware		$1,088	$4,180	$2,376		$7,644
Miscellaneous	$108	$60	$2,438	$1,907		$4,513
Software		$3,367	$6,030			$9,397
State Staff		$1,370	$4,970	$5,460		$11,800
Total	**$931**	**$20,901**	**$41,513**	**$39,234**	**$11,794**	**$114,373**

Source: HSD

HSD will revise the budget when it submits its next as-needed Advanced Planning Document Update (APDU) to the Centers for Medicaid and Medicare Services (CMS) and Food and Nutrition Service (FNS) of the U.S. Department of Agriculture. HSD submitted an APDU in September 2013 to incorporate additional ACA changes and other enhancements and if approved, the budget will increase by $5.3 million. CMS has 60 days to provide HSD a decision.

Through competitive procurement processes, HSD issued three major contracts for IT professional services. The $5.9 million Northrup Grumman contract under a sole source procurement is to provide ongoing maintenance and support for ISD2 through decommissioning in May 2014 and for data conversion and interfaces required to implement ASPEN.

Table 3. ASPEN Major Contracts – IT Professional Services
(in millions)

Vendor	Description	Contract Term	Award Amount
Deloitte Consulting	Design, Development and Implementation	Aug-2011 through June-2014	$73.0
Dewpoint	Project Management	Nov-2010 through Nov-2014	$4.6
Cognosante	IV&V Services	Sept-2011 through Sept-2014	$2.0
Northrup Grumman	Staff Augmentation - Application Developers	Nov-2012 through May-2014	$5.9
Total			**$85.5**

Source: HSD

HSD awarded a $59.5 million contract to Deloitte in August 2011, and has amended the contract three times, and now valued at $73 million. Two of the three amendments account for $11 million of the $13.5 million increase in the contract value. The two amendments include changes and enhancements primarily to incorporate ACA open enrollment mandated changes and for ASPEN to communicate with the Federally Facilitated Marketplace until the state's Health Insurance Exchange is implemented.

At the end of FY13, the project is $7 million under budget. The $7 million carries over to the next fiscal year. The budget is not revised as a result of not spending everything in a given fiscal year as long as it is still within the project timeframe.

Table 4. ASPEN
Budget and Expenditures through SFY13
(in thousands)

Fiscal Year	Budget	Expenditures	Balance
2011	$930.6	$923.8	$6.8
2012	$20,901.1	$20,901.1	$0.0
2013	$41,511.8	$34,449.6	$7,062.2
Total	**$63,343.5**	**$56,274.5**	**$7,069.0**

Source: HSD

Eighty-four percent of expenditures to date have been from federal funds.

Table 5. ASPEN
Expenditures by Funding Source
(in thousands)

Fiscal Year	State Funds	Federal Funds	Total
2011	$434.6	$489.2	$923.8
2012	$4,079.2	$16,821.9	$20,901.1
2013	$4,663.3	$29,786.3	$34,449.6
Total	**$9,177.1**	**$47,097.4**	**$56,274.5**

Source: HSD

ASPEN will cost 121 percent more to operate and maintain than the legacy eligibility determination system, ISD2. In FY15, maintenance and operation costs for the ASPEN system will increase by $6.4 million from $5.3 million to $11.7 million. HSD estimates it will need $4.9 million in additional general fund to compensate for the increased maintenance and operational costs in FY15. HSD's Information Technology Division (ITD) is responsible for the IT maintenance and operations of the ASPEN system. ITD will leverage state staff and contract staff, as a hybrid support model for all IT maintenance and operations activities for the ASPEN system. The largest increases are in the contractual services category for software maintenance.

Table 6. ASPEN Maintenance and Operations Cost Comparison
(in thousands)

	ISD2 Legacy System Support	FY15 Estimated Costs - Hybrid	Change in FY15
Personal Services and Employee Benefits	$92.5	$1,727.8	$1,635.3
Contractual Services, including software maintenance	$2,646.5	$7,168.8	$4,522.3
Hardware Maintenance		$1,070.0	$1,070.0
DoIT Services	$2,603.8	$1,824.0	($779.8)
Total	**$5,342.8**	**$11,790.6**	**$6,447.8**

Source: HSD

Larger and more complex applications cost more to operate (*Gartner, March 2010*). HSD stated a major factor in the increase of maintenance and operational costs is the complex architecture, hardware, and software of the ASPEN system. The ASPEN warranty period is through June 30, 2014. Therefore, the increase in maintenance cost is not until FY15. HSD is currently developing a request for proposals (RFP) for maintenance and operations, and anticipates issuing the RFP by the end of November 2013, with a contract award by July 2014.

The state struggles to attract and retain staff to support critical IT systems which warrants caution before funding new IT expansion positions. Although HSD's information technology division currently has 24 IT professional vacancies, HSD is requesting six new FTE for IT generalists in FY15. HSD's information technology division has the capacity to fill vacant positions before requesting new positions. However, like other state agencies, hiring qualified information technology (IT) developers and other IT professionals is a challenge because state salaries for IT professionals are lower than industry.

Table 7. Information Technology Division Vacant IT Positions as of 9/1/13

IT Vacant Positions	24
IT Division Total Authorized Positions	94
Percentage of Total Authorized	**26%**

Source: State Personnel Office Reports

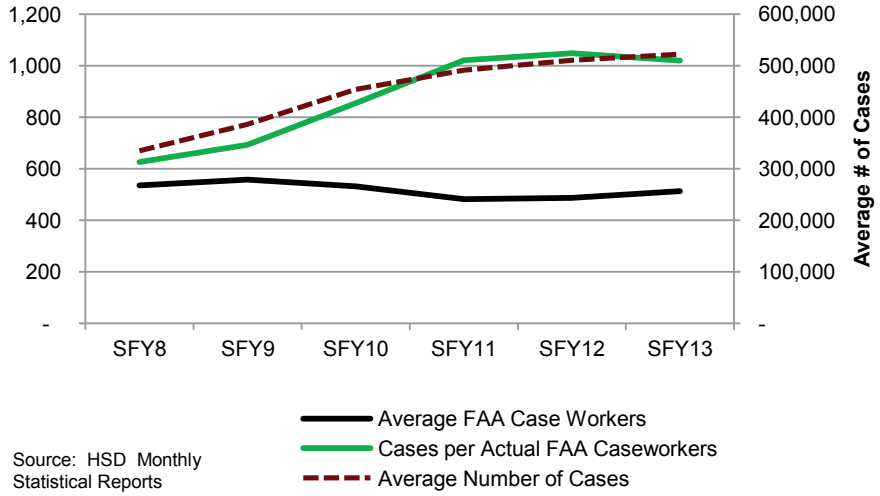
ASPEN should result in many benefits, however, improved productivity might not reduce staffing needs for the Income Support Division. With ASPEN, new business processes such as electronic document management and going 100 percent paperless will reduce the caseworker's time in locating case files and increase the timeliness in processing applications. ASPEN will improve data collection and data integrity, benefit timeliness, and increase claim accuracy and collection. In addition, the new system will increase accessibility to recipients and access to case information will be available 24 hours a day, via a self-service website (YES-NM) and by calling an Interactive Voice Response (IVR) system. YES-NM will allow New Mexicans to apply for public assistance benefits including Medicaid, SNAP (formally known as food stamps), cash assistance and the Low-Income Heating

and Energy Assistance Program (LIHEAP). In January 2014, the functionality of YES-NM will expand to include inquiry on status of benefits and the IVR system will be fully implemented in February 2014. Other benefits include increased privacy by linking case information to a personal individual ID number instead of social security numbers and more detailed notices.

HSD reengineered its business processes, shifting staff from managing individual caseloads to managing the application process, resulting in improved office efficiencies. Since implementing the process management model, caseworkers no longer are assigned a specific caseload. ASPEN is designed for ISD's process model and will provide a single point of access for all case-related data wherever it resides, making the data more readily available to caseworkers. ISD's process model has become a best practice for other states in the country.

Although the number of caseworkers has remained consistent since FY08, cases have grown by 394 per worker.

Chart 1. Average Caseload per Caseworker



Source: HSD Monthly Statistical Reports

Further, HSD faces large scale increases in Medicaid enrollment, which will likely impact workload.

Based on ISD's cost of personal services and employee benefits and the number of cases, the cost per case in FY12 was $88 and in FY13, the cost per case increased to $93.

HSD was not required to document expected cost-savings, particularly in staffing, from implementing an expensive large scale IT project. The Department of Information Technology (DoIT) requires a business case for detailing the business problem and proposed solution when submitting a request for IT funding. However, the required cost benefit analysis in the business case is limited and rarely quantified.

Initially required by CMS, in March 2011, HSD estimated total cost of $103 million and estimated benefits of $98 million resulting in a benefit to cost ratio of 95 percent. With the 90/10 funding, HSD is no longer required to show the return on investment and was not required to calculate cost savings. The major recommendation for the new system was that the old system had reached the end of its life. With budget and actual cost data, HSD has the opportunity to determine the return on investment for the $115 million system.

ASPEN requires repurposing existing staff to other positions to support ISD. HSD repurposed existing ISD positions from field offices to develop the Central ASPEN Scanning Area and the ISD Customer Service Center co-located in Bernalillo to ensure a high level of customer service during the transition. The scanning center and call center have been in operation since July 2013. ISD management staff approved the staffing plan for the customer service center and began reclassifying or relocating positions from other ISD offices to staff the customer service center. Twenty positions are in various stages of reclassification and relocation to the Bernalillo center. When fully staffed, the scanning center will have 10 FTE and 40 FTE at the customer service center.

With the new ASPEN system, added functionality of YES-NM and Medicaid program expansion, ISD expects that call volume from clients will increase and work duties for certain staff members in the field offices will change. The call center was originally designed to handle EBT related calls only and will now handle all ISD related calls by expanding the number of customer service representatives to adequately service the expected increase in call volume. The goal is to limit the number of calls to the field offices by correctly routing direct calls from clients and calls forwarded from the ASPEN interactive voice response (IVR) system to the customer service representatives with the appropriate skill set. The customer service representatives will have full family assistance analyst training and ability to perform case management and eligibility determination. This will assist in one call resolution and alleviate the need to send the recipient to the field office if all information is available.

The case worker vacancy rate is 16 percent as of August 2013. During the past year, the number of vacant family assistant analyst positions has fluctuated, decreasing from 84 at the beginning of FY13 to 65 at the end of December 2012. HSD received State Personnel Office approval to provide a pay raise to employees previously hired at below 83 percent of the salary band mid-point to get them up to that point. This impacts approximately 422 employees, or about 25 percent of the department's 1,633 filled positions. A significant number (335) of the positions which receive raises are in the Income Support program and impact line staff in HSD's Income Support field offices. Eighty-seven percent of the raises are for employees in pay band 60 or lower. It appears these pay increases reduced turnover in lower paid HSD staff.

As of October 4, 2013, HSD filled 48 of the 75 expansion positions authorized for FY14. Most of the expansion positions (63 percent) are family assistance analysts who will primarily process applications that come through YES-NM. Other positions include trainers and family assistance analysts for the customer service center. Some of the positions in Santa Fe will support the Medicaid Renewal Project. The FY14 approved expansion positions will be distributed throughout the state and are shown below.

Table 8. FY14 Expansion Positions

Location	Total	Location	Total
Alamogordo	2	Los Lunas	9
Albuquerque	2	Lordsburg	1
Anthony	7	Raton	3
Artesia	2	Santa Fe	18
Belen	5	Santa Rosa	4
Bernalillo	5	Silver City	5
Espanola	2	Taos	6
Las Vegas	1	Tucumcari	3
Total	**26**		**49**

Source: HSD

Recommendations:

The Human Services Department should:

- Work with the State Personnel Office to reallocate IT vacancy savings to reclassify information technology positions at a more competitive higher pay band to help the department recruit and retain qualified IT staff;
- Evaluate the impact of Medicaid expansion on caseload projections and develop a staffing plan; and
- Use current budget and cost data to calculate the return on investment for stakeholders and to provide a benchmark for other large IT projects.

ASPEN PROJECT MANAGEMENT AND OVERSIGHT IS SUCCESSFUL, ENSURING THE PROJECT IS ON TIME AND ON BUDGET AND IS A MODEL FOR BEST PRACTICES

HSD's commitment of staff resources, both quantitatively and qualitatively had a positive impact on project management. ASPEN project personnel at all levels, including senior management, business leads, application, testing, and technical infrastructure were fully focused on the completion of critical tasks necessary to ensure the start date of the pilot on July 22, 2013. During the project, HSD has had 100 employees assigned to ASPEN in various capacities. The number has fluctuated depending on project activities and requirements.

Table 9. ASPEN Project Staff

ASPEN staff	28
Call Center	5
Central Scanning	6
Electronic Data Management System	2
Help Desk	7
Site Support	20
SWAT	26
Trainers	6
Total	**100**

Source: HSD

ASPEN staff activities include participation in joint application design sessions, user acceptance testing, conversion and implementation. Targeted onsite support staff ("SWAT") assists with casework and data cleanup while employees are in training and preparing for their implementation wave. ISD will need to maintain training staff, with continuous staff turnover and lessons learned from the pilot, ensuring training is available for new staff.

As of the first week in August 2013, 35 project staff have returned to their prior position and at the end of the project 27 will return to field offices in the same capacity prior to their ASPEN assignment. In addition, some staff were promoted internally, moved to another agency or have resigned from state government.

HSD management and the project management office monitor the project status consistently and maintain appropriate project documentation. Dewpoint, the project management vendor, works closely with HSD to review and resolve project issues on a timely and consistent basis. Issues and change requests are managed through meetings of the business and technical leads and managers. Weekly issues management and change control board meetings are scheduled, but only occur as needed.

During the pilot, HSD, Dewpoint, and Deloitte staff monitored the pilot office in Española very closely, conducting daily meetings, and issuing daily status reports. The reports include tracking of production issues, resolution, report date, resolution date and field impacts. In addition to tracking production issues, statistics for applications for benefits are being maintained, daily benefit issuance and scanning and volume at the pilot office and HSD's central ASPEN scanning area.

Independent verification and validation (IV&V) services are adequate to ensure project activities and work products are in compliance with requirements, risks are identified and mitigated, and project tasks are monitored and completed. Cognosante provides IV&V services to oversee Dewpoint and Deloitte activities, services, and contractual deliverables during the replacement of the legacy eligibility system to help ensure ASPEN meets the goals and objectives. The *IV&V Management Plan* addresses the methodologies, activities and standards by which Cognosante conducts its reviews and provides the required IV&V professional services. Cognosante submits the IV&V reports monthly to HSD. Dewpoint and Deloitte continue to submit documents in a timely manner and respond to HSD's and Cognosante's comments and recommendations in a timely manner.

The Centers for Medicaid and Medicare Services (CMS) values the success of HSD's project management. A September 12, 2013, letter from CMS to Deputy Secretary Saavedra recognizes how New Mexico has demonstrated the great execution of a project being "on time, on budget." Because of the state's very thorough itemization and budgeting of the project, and their judicious application of funds, the original scope of work solicited remained within the approval of the original budget request and without experiencing delays in the ASPEN project. The letter further states New Mexico's willingness to share experiences with CMS while working collaboratively with other states has leveraged lessons learned to assist other states in their development efforts.

There are three factors that all successful projects have in common. Each of these factors: top management support, a sound methodology, and solid technical leadership by someone who has successfully completed a similar project are vital to any project's success. The ASPEN project is successful in part because these factors are in place.

Although ASPEN's user interfaces are in line with best practices, there is room for improvement. Overall, ASPEN has a good clean user interface. Screens were consistent as well as font size and alignments along with rows alternating color (white to blue) for easy reading. The only difficulty, were lists in the "Navigation" box not being alphabetical, making it difficult to find items easily. This could be the result of processes simply being listed in order of completion. The application has many drop-down boxes to help users select the correct value. Generally, drop-down boxes and other listings such as the "Navigation" box when alphabetized enable users to work more efficiently. During the demonstration, the user had difficulty finding a menu item.

The ability to adjust font size is not available. However, the resolution can be adjusted without impacting the application. HSD stated the application has been tested and does work for the visually-impaired using Windows Eyes. Windows Eyes is a screen reader recommended by the New Mexico Commission for the Blind. The only area for concern is the social security numbers (SSNs) are fully displayed on the screen. Although SSNs are required for ISD's business processes, an improvement would be to display xxx-xx-1234 if it does not impede their workflow.

Recommendations:

The project management processes and structure of the ASPEN project should be used as a model for other state agencies large IT projects.

October 21, 2013

Mr. David Abbey, Director
Legislative Finance Committee
325 Don Gaspar, Suite 101
Santa Fe, NM 87501

Re: Response to Legislative Finance Committee Report
HSD Automated System Program and Eligibility Network (ASPEN)

Dear Mr. Abbey:

Please accept this letter as the Human Services Department's (HSD) response to the Legislative Finance Committee's (LFC) "HSD Automated System Program and Eligibility Network (ASPEN)" report. HSD finds the report to be a fair and accurate representation of the background, planning, and status of the ASPEN project. We are happy to have this opportunity to present ASPEN to the LFC.

HSD would like the LFC to know how proud we are to have such dedicated staff who work so hard to make ASPEN a success. ASPEN is a complex IT project with many moving parts, and HSD management is honored to have committed, thoughtful, and dedicated people working as a team to bring this new eligibility system to our customers and employees in New Mexico. ASPEN will help HSD streamline services to New Mexicans, who will be the true beneficiaries as the system is rolled out. HSD also appreciates the support of DoIT and the collaboration of our sister state agencies during the development and implementation of ASPEN. We want to acknowledge the contractors (Deloitte, Dewpoint, Northrup Grumman, Cognosante, and others) who work patiently for long hours to meet HSD's tight timeframes and exhaustive requirements. We appreciate the Legislature's support during the planning and implementation phases while budgets and staffing needs were developed. And ASPEN would not be the success that it is without the unwavering support of our Cabinet Secretary, Sidonie Squier.

We ask that the LFC consider HSD's comments to Key Recommendations, as follows:

KEY RECOMMENDATIONS

The Human Services Department should:

- *Work with the State Personnel Office to reallocate IT vacancy savings to reclassify information technology positions at a more competitive higher pay band to help the department recruit and retain qualified IT staff;*

HSD comment: HSD's Information Technology Division (ITD) has been working with the State Personnel Office to reclassify information technology positions as appropriate to support the ASPEN

system. To date, ITD has reclassified three positions. ITD will continue to evaluate the IT position classifications against agency needs and reclassify positions as appropriate.

- *Evaluate the impact of Medicaid expansion on caseload projections and develop a staffing plan;*

HSD comment: As part of our revised FY 14 budget request, HSD evaluated the staffing needs to handle the estimated 20 percent increase in the population we serve due to the expansion of Medicaid. Of the additional positions requested, 75 FTE were dedicated to eligibility determination work in the Income Support Division. Those positions were strategically located across the state to manage the increase of applicants for Medicaid and other programs. This distribution is depicted, in part, in Table 8 of the report. Of these 75 positions, 20 were purposefully designated as term so that they could be reevaluated after the expansion surge has subsided. We appreciated the Legislature's support of this request in the 2013 legislative session, and we will continue to evaluate our staffing needs in the current year. Of course, any evaluation of staff needs will be a dynamic process because it is difficult to estimate the number of new applicants HSD might receive during Medicaid expansion. As HSD learns more about staffing requirements following expansion, we will be better positioned to identify if positions can be repurposed through normal turnover.

- *Use current budget and cost data to calculate the return on investment for stakeholders and to provide a benchmark for other large IT projects.*

HSD comment: HSD believes it prudent to provide a return on investment following statewide implementation and after caseworkers have had time to learn and become proficient with the new system. This will allow for a more accurate overview of efficiencies.

We also ask that the LFC consider HSD's comments to other parts of the report:

Table 3. ASPEN Major Contracts – IT Professional Services
(in millions)

Vendor	Description	Contract Term	Award Amount
Deloitte Consulting	Design, Development and Implementation	Aug-2011 through Aug-2012	$73.0
Dewpoint	Project Management	Nov-2010 through Nov-2014	$4.6
Cognosante	IV&V Services	Sept-2011 through Sept-2014	$2.0
Northrup Grumman	Staff Augmentation - Application Developers	Nov-2012 through May-2014	$5.9
Total			**$85.5**

Source: HSD

HSD comment on Table 3: In Table 3 (see above), HSD believes it would be more appropriate to describe the Northrup Grumman contract as "legacy system changes." The contract scope of work is to provide support to the legacy ISD2 system, and to make changes to the system per requirements identified by the ASPEN project.

Statement from report:

> ***The state struggles to attract and retain staff to support critical IT systems which warrants caution before funding new IT expansion positions.*** *Although HSD's information technology division currently has 24 IT professional vacancies, HSD is requesting six new FTE for IT generalists in FY15. HSD's information technology division has the capacity to fill vacant positions before requesting new positions. However, like other state agencies, hiring qualified information technology (IT) developers and other IT professionals is a challenge because the state salaries for IT professionals are lower than industry.*

HSD comment: ITD has primarily struggled to fill IT Application Developer positions. We have been successful in filling non-developer positions such as IT Generalist and IT Tech Support Specialist positions. The six new positions ITD is asking for are IT Generalist I positions. We requested these IT-Generalist positions to fill needs distinct from those provided by IT Application Developers. These new positions would provide field office support in Roswell, Las Cruces and Albuquerque, services that will help our staff and improve our customer service.

Thank you for the opportunity to comment on this evaluation of the ASPEN report. We appreciate and commend the diligent work of your staff to understand the complexity of this project and evaluate our work. We remain committed to continued collaboration with the LFC.

Sincerely,

Charissa Saavedra
HSD Deputy Secretary
ASPEN Executive Sponsor

APPENDIX A: Evaluation Objectives, Scope and Methodology

Evaluation Objectives.

- Assess the status of implementation and system functionality.
- Assess the potential impact to operations and staffing needs.

Scope and Methodology.

- Reviewed applicable laws and regulations.
- Reviewed project status and independent verification and validation reports.
- Reviewed the project management plan and project deliverables.
- Conducted interviews with the Human Services Department's Deputy Secretary, the department's Chief Information Officer, and other key project personnel.
- Reviewed the department's IT request and business case.
- Reviewed project budget, contracts, and financial data.
- Reviewed the Income Support Division's caseload statistics.

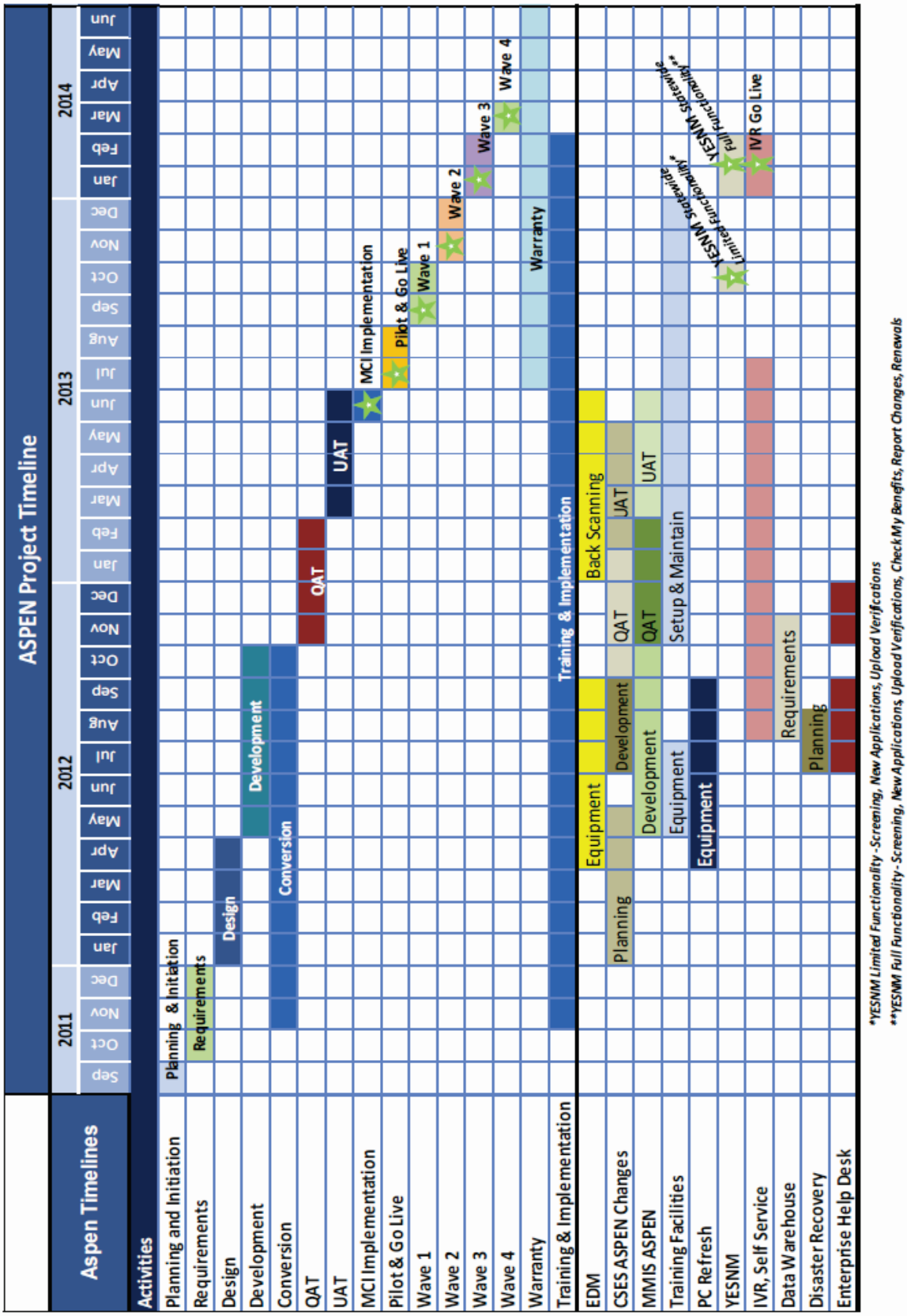
Evaluation Team.
Brenda Fresquez, Lead Program Evaluator
Patricia Barton, IT Consultant

Authority for Evaluation. The LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. The LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, the LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Exit Conference. The contents of this report were discussed with the Human Services Department during the exit conference on October 15, 2013. A report draft was provided the department on October 10, 2013 for formal written response.

Report Distribution. This report is intended for the information of the Office of the Governor, the New Mexico Human Services Department, the Office of the State Auditor, and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Charles Sallee
Deputy Director for Program Evaluation


ASPEN Project Timeline
Aspen Timelines
Activities
2011
2012
2013
2014
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Planning and Initiation
Requirements
Design
Development
Conversion
QAT
UAT
MCI Implementation
Pilot & Go Live
Wave 1
Wave 2
Wave 3
Wave 4
Warranty
Training & Implementation
EDM
CSES ASPEN Changes
MMIS ASPEN
Training Facilities
PC Refresh
YESNM
IVR, Self Service
Data Warehouse
Disaster Recovery
Enterprise Help Desk
Planning & Initiation
Requirements
Design
Development
Conversion
QAT
UAT
MCI Implementation
Pilot & Go Live
Wave 1
Wave 2
Wave 3
Wave 4
Warranty
Training & Implementation
Equipment
Back Scanning
Planning
Development
QAT
UAT
Equipment
Setup & Maintain
Equipment
Requirements
Planning
YESNM Limited Functionality*
YESNM Full Functionality**
IVR Go Live
*YESNM Limited Functionality - Screening, New Applications, Upload Verifications
**YESNM Full Functionality - Screening, New Applications, Upload Verifications, Check My Benefits, Report Changes, Renewals