

**Childrens Administration**

**010 - M2 - FH - REPLACING ANTIQUATED PAYMENT SYSTEM**

**Agency Submittal: 11-2017-19-YR Agency Req**

**Budget Period: 2017-19**

**SUMMARY**

The Social Services Payment System (SSPS) no longer meets the business needs of Children’s Administration (CA), the Economic Services Administration (ESA), and Department of Early Learning (DEL) the only remaining customers. CA requests \$2,530,000 (\$2,479,000 GF-State) to secure a new payment system with more rigorous reporting, enhanced analytics for overpayment and fraud detection, and to better meet the needs of the provider community. A similar request is included for Economic Service Administration – 060 – M2- FH – Replacing Antiquated Payment System.

**PROBLEM STATEMENT**

SSPS is a 40-year-old mainframe-based authorization and payment processing system that has not kept pace with changing technology and business needs. It is written in Common Business Oriented Language (COBOL), an antiquated programming language, which is not easy to update. General lack of maintenance has led to deterioration of the current system.

Provider invoices are submitted by phone or by mail, limiting DSHS’ ability to track and audit provider payments. This has contributed to overpayments and underpayments, which take time and resources to correct and frustrate the provider community.

System costs and risks of operating SSPS continue to increase. In 2016, Aging and Long-Term Support Administration (AL TSA) and Developmental Disabilities Administration (DDA) completed their move from SSPS to Provider One, leaving only CA and ESA to cover the cost of SSPS and the Unisys mainframe contract.

Each month, SSPS processes \$22 million in payments to social service providers, including 520,670 payments to foster homes, adoptive parents, child care providers and other providers of critical client services. Failure of SSPS could jeopardize the operations of a mission-critical child welfare system and could disrupt service delivery to vulnerable clients.

**PROPOSED SOLUTION**

New payment and authorization vendors are cloud-based and offer improved business services and new features, such as data analytics, reporting, mobile applications and rigorous fraud detection and elimination measures.

CA requests \$2,530,000 (\$2,479,000 GF-State) to secure a vendor-based system that will generate payments to providers who deliver services to the most vulnerable families and children. Ongoing costs are estimated to be \$1,172,000 annually, based on a cost per transaction fee.



**DSHS VISION**

People are healthy • People are safe • People are supported • Taxpayer resources are guarded

**DSHS MISSION**

To transform lives

**DSHS VALUES**

Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service



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**STAKEHOLDER IMPACT**

This request is an essential operational function to pay providers for services to children and families in the child welfare system and in subsidized child care. CA receives numerous complaints about the difficulty of interfacing with SSPS and payment inaccuracies generated by issues with that system. CA foster parents, adoptive parents, and providers would be greatly supportive of a modernized payment system.

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Program Contact: Jenny Heddin, (360) 902-0221

**OTHER CONNECTIONS**

**Performance Outcomes/Important Connections**

- 1. Does this DP provide essential support to one or more of the Governor's Results Washington priorities?**  
Goal 5: Efficient, Effective & Accountable Government - Customer Satisfaction and Confidence - 1.1 Increase customer services.
- 2. The decision package meets the following DSHS' strategic objectives:**  
2.1: Percentage of children not re-entering placement within 12 months of reunification will increase.
- 3. Identify other important connections or impacts below.** (Indicate 'Yes' or 'No. If 'Yes' identify the connections or impacts related to the proposal).
  - a) Regional/County impacts? No.
  - b) Other local government impacts? No.
  - c) Tribal government impacts? No.
  - d) Other state agency impacts? Yes. The Department of Early Learning is piloting a time and attendance system for child care providers that would ultimately connect to the new payment system. As the agency that establishes statewide child care policy, and makes payments for Seasonal and Homeless child care, DEL has a keen interest in any new payment system related to child care.
  - e) Responds to specific task force, report, mandate or executive order? Yes, this funding request is consistent with the recommendations from the Time Capture, Payroll and Payment Procurement Workgroup, required under Second Engrossed Substitute House Bill 2376, Section 149(2).
  - f) Does request contain a compensation change or require changes to a Collective Bargaining Agreement? No.
  - g) Facility/workplace needs or impacts? No.
  - h) Capital budget impacts? No.
  - i) Is change required to existing statutes, rules or contracts? No.

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- j) Is the request related to litigation? No.
- k) Is the request related to Puget Sound recovery? No.
- l) Other important connections? No.

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

This will be a joint procurement that will ultimately cover payments for ESA, CA, and DEL. See 060-M2-FH- Replacing Antiquated Payment System in Economic Services Administration.

**Alternatives/Consequences/Other**

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

DSHS explored migrating to ProviderOne; however, that is a Medicaid system and not an option for CA or ESA. CA looked at procuring a system solely for CA payments. However, child care payments must remain on the same payment system due to collective bargaining requirements.

**6. How has or can the agency address the issue or need within its current appropriation level?**

If funding is not provided for this request, the remaining customers of SSPS will either have to live with an increasingly fragile and aging payment system or move resources from either field staff or services to clients to pay for a new system.

**7. Does this decision package include funding for any IT-related costs (hardware, software, services, cloud-based services, contracts or IT staff)?**

- No
- Yes (Include an IT Addendum)

**Fiscal Detail****010 - M2 - FH - Replacing Antiquated Payment System**

<b>Operating Expenditures</b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
001-1 General Fund-State	973,000	1,506,000	1,149,000	1,149,000
001-A General Fund-DSHS Fam	20,000	31,000	23,000	23,000
<b>Total Cost</b>	<b>993,000</b>	<b>1,537,000</b>	<b>1,172,000</b>	<b>1,172,000</b>
<b>Staffing</b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
FTEs	1.0	1.0	0.0	0.0

**Performance Measure Detail**

<b>Activity:</b>	<b>Incremental Changes</b>			
	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
<b>Program: 010</b>				
A011 Program Support for Children's Administration	0	0	0	0
No measures submitted for package				

**Object Detail**

	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
A Salaries and Wages	94,000	94,000	0	0
B Employee Benefits	30,000	30,000	0	0
C Professional Service Contracts	848,000	1,404,000	1,172,000	1,172,000
E Goods and Other Services	6,000	6,000	0	0
J Capital Outlays	12,000	0	0	0
T Intra-agency Reimbursements	3,000	3,000	0	0
<b>Total Objects</b>	<b>993,000</b>	<b>1,537,000</b>	<b>1,172,000</b>	<b>1,172,000</b>

**DSHS Source Detail****Overall Funding**

<b>Operating Expenditures</b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
<b>Fund 001-1, General Fund-State</b>				
<b>Sources Title</b>				
0011 General Fund State	973,000	1,506,000	1,149,000	1,149,000
<b>Total for Fund 001-1</b>	<b>973,000</b>	<b>1,506,000</b>	<b>1,149,000</b>	<b>1,149,000</b>
<b>Fund 001-A, General Fund-DSHS Fam</b>				
<b>Sources Title</b>				
658L Title IV-E-Foster Care (50%)	20,000	31,000	23,000	23,000
<b>Total for Fund 001-A</b>	<b>20,000</b>	<b>31,000</b>	<b>23,000</b>	<b>23,000</b>
<b>Total Overall Funding</b>	<b>993,000</b>	<b>1,537,000</b>	<b>1,172,000</b>	<b>1,172,000</b>

# Information Technology Addendum

**Recsum Code and Title**      **010-M2-FH-Replacing Antiquated Payment System**

## 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 OFM Operating Budget Instructions for guidance on what counts as “IT-related costs.”)

<b>Information</b> Technology Items in this DP (insert rows as required)	FY 2018	FY 2019	FY 2020	FY 2021
Acquisition and Implementation of payment system (one time)	<b>993,000</b>	<b>951,000</b>	<b>000</b>	<b>000</b>
Ongoing operation and maintenance	<b>000</b>	<b>586,000</b>	<b>1,172,000</b>	<b>1,172,000</b>
<b>Total Cost</b>	<b>993,000</b>	<b>1,537,000</b>	<b>1,172,000</b>	<b>1,172,000</b>

## Part 2: Identify IT Projects

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

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.

2017-19 Biennial Budget  
Department of Social and Health Services