

DDS Financial Reporting Assessment

Initial Findings and Recommendations

BlumShapiro

Accounting | Tax | Business Consulting

The passion to unlock potential

Introduction

- In this project objective Blum Shapiro was asked to assess the current financial reporting environment and identify areas of opportunity as well as to outline the steps and actions needed to redesign the financial reporting environment to be more efficient, accurate and timely.
- To accomplish this task the following areas were reviewed:
 - Eligibility
 - Information Technology
 - Access Systems
 - Waivers
 - Budgeting/Reporting
 - Billing/Rates/Audit
 - Time Tracking
 - Quality
- The following is a summary of those areas, related findings and a proposed approach to moving forward.

Eligibility

- Eligibility is an intensely manual operation and process
- Applications for service occur through the mail
 - 2 page application
 - Time and date stamped
 - Manually checked to determine if applicant is already supported by DDS
 - Approvals are managed with the goal of “keep the backlog to one file drawer”
 - There are 4 file drawers full of incomplete applications-checking on status is totally manual
- Eligibility Access database has 16,000 records
 - Cannot be accessed remotely
 - Painfully slow performance to look up records
 - Database is feared to be reaching its technical limit-no backup or alternative plan for this exists
- Universal Eligibility System (UES) will be adding another database of information to the DSS eligibility process
- A process redesign should occur to anticipate UES and determine how this will change/improve the process

Information Technology

- There is a historical divide between DDS business and DDS IT
 - Tremendous shadow IT exists in the entire agency- Access systems, Excel, etc.
 - IT does not support user developed systems-QSR, Eligibility, Access
- No formal system development process is in place
- No IT governance is in place
- Organization structure of IT needs to be better aligned to support the business
- Limited training has been accomplished on IT systems and computer usage
- HCBS initiative does not have a business owner
- Difficult to track IT budget versus spend during the year

Information Technology

Various current applications have significant concerns:

- IP6- web application to be released in August 2015
 - 6 year project
 - The scope of the project significantly expanded during the 6 year development
 - Application is not being written by IT
 - Application is being written as if it is an Access application
 - Limited/ineffective requirements definition was accomplished
 - Application will need to be rewritten almost immediately following release
- QSR system
 - This is the oldest system at DDS
 - The system has many “black box” elements to it
 - No internal expert on the system
 - System was originally designed to review on an individual basis. Now it is used to review providers.

Access Systems

This should be an area of concern for DDS management

- User developed systems
- Many of them-16 or more
- Key person dependent
- Limited or no IT support
- All development done in Access 2007 which is technically obsolete

Waivers

- A good working relationship with DSS is critical here as the waiver process is tightly integrated with DSS' systems.
- Communication within the waiver unit was challenging and a shared mailbox was implemented to address this. While this has been somewhat effective, an email is a poor substitute for an actual work management system.
- A significant portion of time is spent around redetermination as 99% of the inquiries coming into the unit are around Medicaid lapsing. A system that would more proactively notify/monitor these situations could have a significant impact on the work process. Currently, unless someone calls in, their application just sits in a queue until it gets worked on.

Waivers

- Currently, there is a data transfer from MMIS every Thursday. This used to be less frequent. However, this has provided some benefit in being able to pull out redetermination dates. The process, however, isn't straightforward – one needs to navigate several screens. The data from this system integrated into the waiver process would be of significant benefit.
- In other state agencies, in order to start services, you don't start until your waiver application is in process. This doesn't mean, however, that DSS has fully done what they need. As a result, DDS spends time chasing waiver enrollments. They have a process for new graduates where they get assigned resources to assist with the process, but it would be good if the process could be streamlined. Perhaps the request for services should initiate the waiver process. When a case manager goes to get the support and you've consented, it could be used for dual-purpose. It should go in with the PRAT request. A simple web form as a requirement of the intake process could address this. This is critical because waivers are what get dollars back for the State.

Budget/Reporting

There do not appear to be process definitions for finance operations.
Major processes that need definition:

- Bi-annual budget
- Expected services budget
- Capital equipment budget
- Bond budget
- Financial audit
 - A process and reporting needs to be developed to validate/confirm
 - Medicaid billing exceptions/errors reporting and resolution
 - Provider billing exceptions/errors reporting and resolution
 - “close the loop” to match provider payments and Medicaid reimbursement
- Departmental budgeting and tracking- CoreCT does not have a cost accounting capability
- Flash/Monthly/Yearly reporting needs to be defined and developed
- Some basic dashboard level reporting for:
 - Residents by region
 - Residents by setting
 - Budget versus Spend

Billing/Rates/Audit

- Rate setting occurs, but gets handed off to DSS and it is challenging to circle back because the rates are not known, especially when they revert back to interim rates
- Data used to calculate rates for 2015 is actually based on 2013 data collected by Meyers and Stauffer and utilization from 2014
- WebResDay and the Contract Access system are core critical to provider payments and can provide a closed loop, but this is not the case for Medicare

Billing/Rates/Audit

- MMIS holds the reimbursement rates and without traceability between MMIS and WebResDay it is impossible to report on the costs and reimbursement associated.
- Expenditures by person cannot be answered in the current model
- A process/protocol needs to be implemented to address held billing
- Audit could benefit from supervisor with an accounting background
- Audit program is currently an Excel based solution

Time Tracking

- This area appears to be working well
- A new application was completed in 2010 to support this function WebResDay
- The application is owned and supported by IT
- An audit report should be developed in WebResDay to show data exceptions and system kick outs

Quality

Original system, QSR, was designed and built to support the quality review on an individual basis and now it is used to support the overall quality review of providers.

Many other issues exist in QSR

- Reporting formats are problematic
- Cannot report on all of the data in the system
- Cannot use QSR to quality review self hire providers
- Quality action plans cannot be managed in QSR
- Mobile capability is required

Need a training tracking system/process/reporting

Waiver assurance is now part of QSR process

Findings

- Shift from provider-centric to individual-centric had a major impact on the systems and they are band-aided as a result.
- Information is distributed across multiple systems with no easy way of pulling it together. This makes it difficult to not only carry out reporting and analysis at an agency level, but also poses challenges for information sharing with providers, families and individuals.
- Interoperability between systems is a challenge and leads to multiple information silos where “master data” is distributed and changes over time.

Findings

- Modifications to systems to react to changing business needs are slow or even impossible with current staffing model.
- Medicaid billing process lacks a control system to ensure that what should be billed in a given month is billed and moved through the various systems to completion.
- Currently no plan for integration of the Universal Application and Assessment Tool (BIP) into the operation and without such will lead to yet another source of data that is un-integrated.

Findings

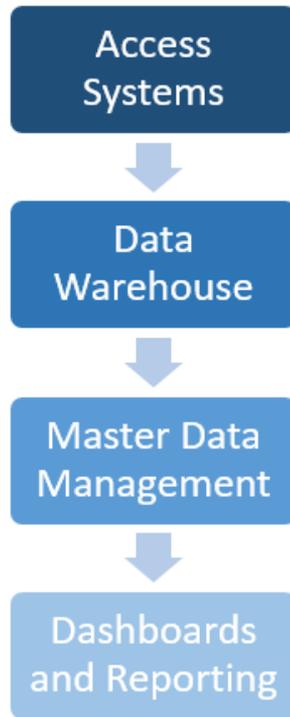
- Tools that exist within DDS, such as SharePoint and SQL, could be used to improve certain processes in the short-term. E.g. QPAP
- Enhance/Extend access to MMIS Data. Although the system will be available shortly for query access, integrating the data from this system into business processes will enable better decision making (re-enrollment) and better visibility into Medicaid billing.
- The right resource/skill alignment is not present within IT and has caused systems to be worked around rather than worked with. E.g. QSR
- Through both a shift in organizational culture as well as the institution of a flexible Software Development Lifecycle there needs to be a better alignment between IT and the business achieved. E.g. IP6

Findings

- A cost accounting model would be great – right now it is a challenge and things need to be reverse engineered to get at that level.
- Multiple technology platforms makes resource management and cross-system utilization a challenge.
- Data analytics capabilities are lacking.
- A clear definition of the reporting and analysis needs of the organization needs to be defined.

Short-Term Approach

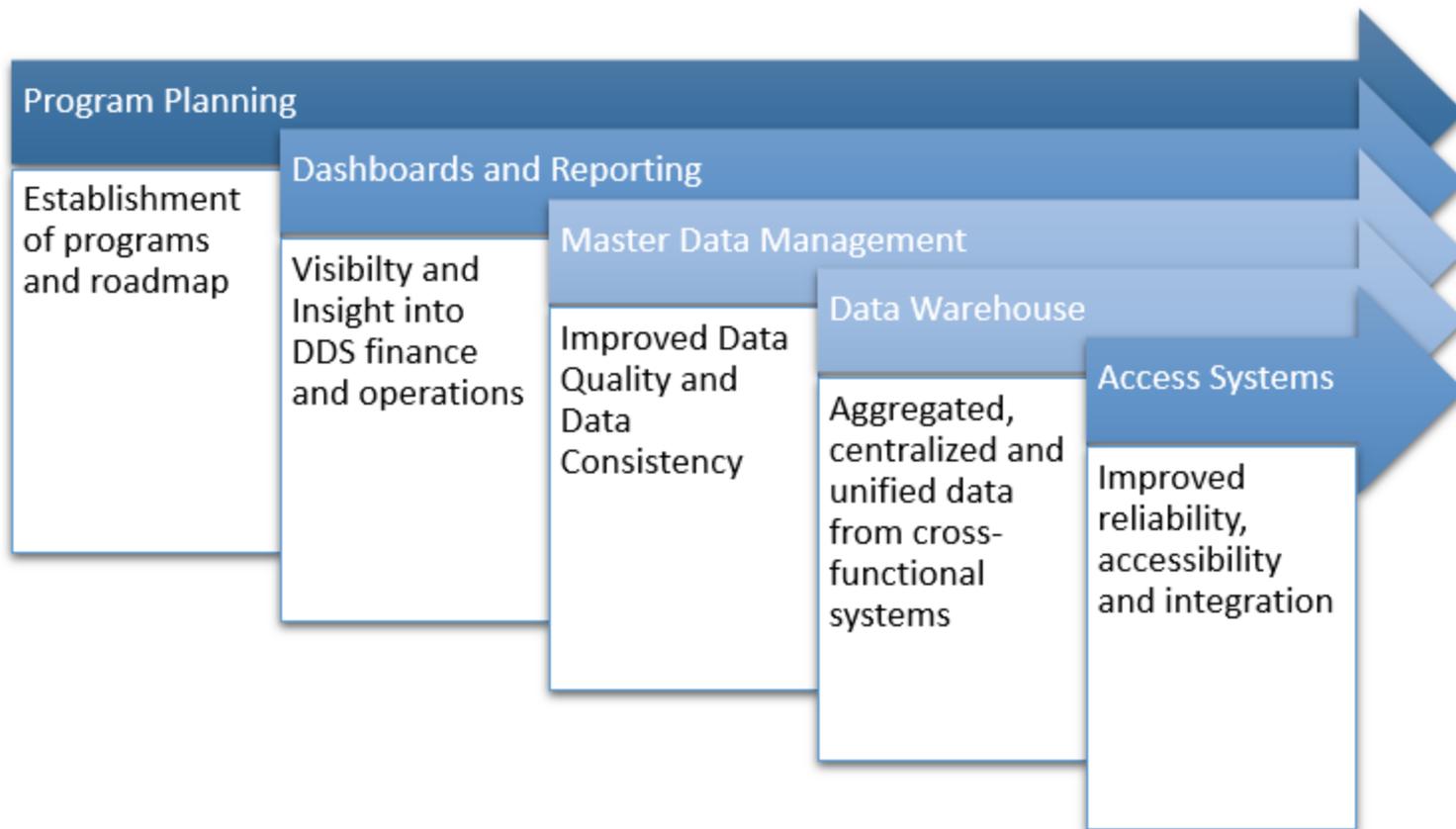
Traditional Approach



Proposed Approach



Short-Term Approach



Expected Outcomes

- Reliable data and a single source of truth for key metrics used by individuals across the Agency
- User driven reporting capability that reduces the reliance on custom data pulls and IT involvement to deliver key reports and information to the Agency
- Reduced reliance on the Access database structure providing the Agency with a more robust and accessible platform
- Data consolidation/mastering to provide a better point from which to migrate to a new, unified platform in the future
- Identified areas for process improvement within the context of both the organization redesign and observations made during the assessment through process change and better use of technology

State's IT Strategy

We must also shorten project durations so that they deliver value incrementally. Because we expect our business needs to change periodically we cannot have projects take 3 or more years to deliver value.

Finally, we must build solutions that are secure, durable, broadly used and are connected in a seamless way to related programs. Data integration across programs, where allowed, needs to flow readily. Another moment spent by a business, citizen or employee manually reentering data is a moment wasted.

An Iterative Model

- **Lather, Rinse, Repeat** – The agile methodology allows developers to continually revisit specific steps in the process. This provides the business with the opportunity to provide frequent input into the process, business needs to change and evolve, and have the solution evolve with it. Unlike Waterfall, this allows the business to dialog with the development team to increase the chances of an improved product at the end of the project.
- **Higher Quality, Faster Delivery** – Because the overarching project is broken out into manageable tasks and there are interim deliverables, the business gets to test and work with the solution sooner. Frequent testing delivers a product that is higher quality and avoids the time consuming and costly single test pass at the end of the project that is typical in a Waterfall model.
- **Voice of the Customer** – Agile is centered around the needs of the customer. Through the use of acceptance criteria within each user story, the development team knows exactly what the customer needs. Unlike a Waterfall project, the business can change their perspective and restate their needs and the development team doesn't lose too many dollars/hours.

Access Options

- Option 1 – Transition to IT
- Option 2 – Transition to SQL Server Backend
- Option 3 – Replace with new System
- Option 4 – Integrate with Data Warehouse

Proposed Timeline

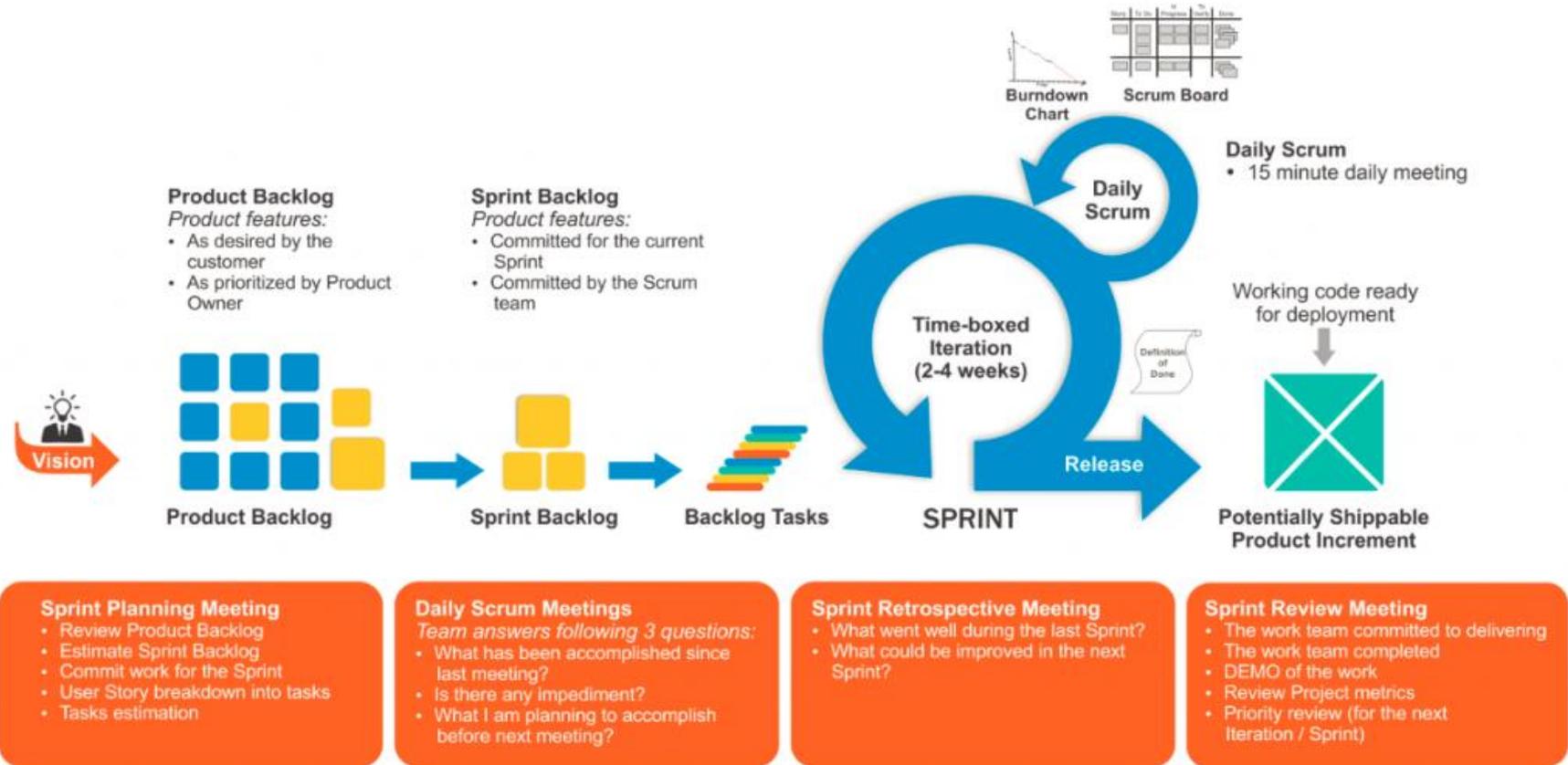
Month

	1	2	3	4	5	6	7	8	9	10	11	12
Project												
Program Planning	Active	Active	Active	Light								
Dashboards and Reporting	Light	Active	Active	Active	Active	Active	Light	Light	Light	Light	Light	Light
Master Data Management	Light	Light	Light	Active	Active	Active	Active	Active	Light	Light	Light	Light
Data Warehouse	Light	Light	Light	Light	Light	Active	Active	Active	Active	Active	Active	Light
Access Systems	Light	Light	Active									

Program Planning Scope

- Define project plan and approach for Financial Reporting initiatives
 - Dashboards and Reporting
 - Master Data Management
 - Data Warehouse
 - Access Systems
- Assess other process findings and determine appropriate action
- Initiate Agile education and training
- Assess the impact of LEAN organizational redesign on systems, data and reporting

Project Approach



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Assumptions

- Program Planning
 - Month 1 – Dashboards/Reporting and Agile Education
 - Month 2 – Access Systems
 - Month 3 – Other Process Findings
- Dashboards and Reporting
 - Begins after planning complete
- Master Data Management
 - 2 month lag on Dashboards and Reporting
 - Should have enough detail to begin informing the design
- Data Warehouse
 - 2 month lag on Master Data Management
 - Should have enough detail to begin informing the design
- Access Systems
 - Begins after month 2 planning is complete and goes through remainder of year based on 3-4 week estimate per Access system