Executive Summary

The project leadership of Ryan Fullmer and Randy Ashton in the Eligibility Program Integrated Computer Systems (EPICS) Replacement Project is deserving of recognition on the basis of project design, unique and productive methodology, and contribution to significant improvements in service delivery to Idaho citizens, even prior to the project’s completion.

Project Description: The EPICS Replacement (ER) Project is a three year project in the Department of Health and Welfare to replace the existing 22 year old mainframe-based automated system used for welfare program eligibility determinations, and to modernize business processes to improve accuracy, timeliness, and consistency of welfare service delivery statewide. The three-year project was initially funded for one year with $5 million by the 2006 Idaho legislature for State Fiscal Year 2007. The legislature provided additional funding in 2007 and 2008 to fund the project through SFY 2009 (for a project total of just under $28 million). The project is just completing its second year.

Significance to Government Operation: The ER Project is significant for Idaho because of its design, methodology, and achievement:

- The Project Managers have created an integrated project design, connecting business processes to software development and operational needs with iterative project deliverables. Fundamental to this design was the realization that changes in business culture were equal or greater challenges than the hardware replacement or software function. The project’s sponsorship is shared between the Division of Welfare and the Division of Information Technology.

- The project’s methodology is fairly unique in government and many are surprised that it is working. The ER Project uses Agile Development to provide iterative development on specific products or releases, using self-directed teams to create high-value business functionality. Work is done collaboratively and completed according to business value. The Project also uses the Lean Office methodology to eliminate waste in processes, thereby maximizing efficiency of staff, reducing costs, and improving performance. Finally, the Project shares business and technology decisions on the Department’s Intranet, providing transparency to tasks, schedules, summaries, standards, and decisions.

- The Project’s ability to provide interim deliverables means real improvements to service delivery have already occurred. For example, within seven months of the Project’s start date a significant improvement was made when real-time eligibility for Food Stamps was implemented. Periodic improvements have continued and have resulted in more timely service delivery, better program performance, and greater capacity to match our ever increasing workload.

Benefits to Idaho Citizens: The ER Project has delivered tangible improvements for Idahoans. This includes decreasing the time from application to eligibility decision, less costly service delivery (fewer taxes) as increased caseloads have been managed without increased staff and services delivered more consistently statewide.

Operational Benefits: The ER Project has delivered tools and processes that have created improved accuracy in all welfare benefit programs. It has increased capacity for workers to process applications and maintain cases. Previously unavailable data became easily accessible, enhancing our ability to effectively manage statewide operations. Better data and more consistent operations have created more effective welfare service delivery.
Narrative Detail of the EPICS Replacement Project

Project Description
The current EPICS Replacement (ER) Project started as a result of legislative inquiry into the resource needs of the Department of Health and Welfare’s Division of Welfare. The Division had undergone reductions in force of over 150 staff positions in the budget holdback years of 2003 and 2004. In the 2005 legislative session a dialog began about how best to provide resources, other than personnel, to help manage the large caseload increases that had accompanied the economic slowdown. Caseloads had surged in the Division’s three primary benefit programs (Food Stamps, Cash Assistance, and Medicaid) during the same years layoffs occurred. This produced a performance crisis as federal and state performance expectations were missed, actually resulting in fiscal sanctions from Food and Nutrition Services, which administers the national Food Stamp Program.

The Division of Welfare provides various means-tested services to Idaho citizens by reviewing financial and non-financial eligibility criteria for a variety of federal and state programs. This requires the review of applications and review of open cases for around 350,000 Idahoans each year. This work is accomplished with approximately 450 eligibility workers located in 28 field offices around the state. The Eligibility Program Integrated Computer Systems (or EPICS) was implemented in 1986 to provide automation support to eligibility determination and case management. During state fiscal year 2007 the Division’s EPICS system supported 145,000 individuals with Food Stamps, 220,000 individuals with Medicaid, and 56,000 individuals with cash assistance.

The EPICS system is a mainframe system that has undergone limited changes since it was implemented. Changes in federal programs, including expanded Medicaid services in the 1990’s, Welfare Reform in the mid 1990’s, and Medicaid Reform in 2006, produced increased manual workarounds as the system failed to provide full automated support of the eligibility process. As a result, a culture was created where staff completed eligibility in their heads or applied inconsistent interpretation of policies and procedures to applicants applying for services. EPICS provided eligibility results in an overnight batch process, requiring many ‘overnight cycles’ to key and successfully release benefits. Narrations and alerts were awkward and were used inconsistently. Since the mid 1990’s several efforts were initiated to correct, modify, or replace EPICS. All efforts prior to the current initiative had failed (or made matters worse: six times an effort was initiated to improve EPICS, none were successful, and the idea of actually creating a successful initiative took on almost mythical proportions).

In the 2006 legislative session the Department proposed it could replace EPICS with a three year, $24 million project. This estimate was based on the costs experienced in the state of Maine, which had replaced their mainframe-based eligibility system at a similar cost over a similar time period. The legislature agreed, and provided the first year of funding at $5 million.

The legislature provided carry-over authority of unspent funds and additional review of project scope has produced the current project with a total budget of just under $28 million. The legislature required no additional state staff could be used in the project…it had to use contractors and existing staff.
The replacement project was started following the 2006 legislative session, by hiring two Project Managers: one in the Division of Welfare and one in the Division of Information Technology. It was determined that the project would be co-sponsored by the administrators of the two divisions. It was also agreed that business processes (or Business Modernization) had to occur with the development of new software and hardware. In July 2006 (SFY 2007) the EPICS Replacement Project began.

The Project started at a time when staff morale was low and program performance was low. Staff were overwhelmed with their caseloads and application processing. The Division had just been sanctioned for its poor performance in Food Stamp payment accuracy. The prospect of having to wait several years to see automation improvements and the six previous attempts to improve or replace EPICS created a dark cloud over the EPICS Replacement Project.

Significance to Government Operation: Project Design

However, the Project Managers for EPICS Replacement had other ideas. Evaluating why previous replacement efforts had failed and looking at the existing process and culture, a unique project design was created. That design employed several key features to address the context of the project.

The Division needed immediate relief. It could not wait three years to see improvements in its automation support. The restriction by the legislature that state support had to come from existing staff was an additional challenge. The Project Managers decided the first year of the project would be spent on capacity building, creating immediate products to increase productivity and performance. The Project focused on those areas where the greatest productivity increases could be found: real-time eligibility, electronic applications, improved verification support, better case management reporting, and improved automation to support the eligibility budgeting process. This approach required a careful balance, since these were not to be improvements in the old EPICS system, but changes that moved us to a new automated system in the second and third year of the project.

Significance to Government Operation: Project Methodology

The Project Managers implemented an Agile Development methodology to focus on creating immediate supports and productivity gains for staff. Agile projects are characterized by the following principles: they value individuals and interactions over processes and tools, working software over comprehensive documentation, customer collaboration over contract negotiation, and responding to change-over following a plan. This allows teams to work directly with customers to implement working software in iterative releases that meet the business needs.

Iterative development forces the organization to break large initiatives down into smaller projects or releases, which are then broken down further by work teams to pieces of functionality. Features are worked on collaboratively and delivered in the order of business value. Software is planned and delivered in short, frequent iterations that incorporate all aspects of software development – e.g.,
The new ePICS Portal page provided an identity for EPICS Replacement tools and new functionality annual Social Security Cost Of Living Allowance (COLA) eligibility changes (eBudgeting). In 2008 we are adding two new tools, eInterview and eCaseFile. All these tools are available through a new Portal page that began to show staff that changes were happening.

Understanding that replacing EPICS was as much about changing how people thought about their work and the processes they used to complete their work, the Project Managers investigated and adopted another methodology: the Lean Office. This methodology eliminates waste in processes, thereby maximizing efficiency of staff, reducing costs, and improving performance. While it is easy to speak the words of eliminating waste, Lean Office offered a disciplined approach to looking at current processes and systematically evaluating and changing how processes are documented and ultimately modified

Lean and Agile have a common feature of involving the stakeholders along the way while developing the optimal process. This ensures that the most knowledgeable resources – the people who do the work – participate in developing the process. This guarantees buy-in for the new process. These are critical components of the ER Project since we are making massive changes in the way staff think and work. With the level of change occurring with the ER Project, the buy-in and support of the 450 staff doing this work across the state cannot be minimized or neglected.

One other important design of the ER Project is how it shares business and technology decisions on the Department’s Intranet, providing transparency to tasks, schedules, summaries, standards, and decisions. The information on this site is available not only to Project staff but to Department decision makers and all Department staff.
Significance to Government Operation: Project Achievement

The Project’s ability to provide interim deliverables means real improvements to service delivery has occurred before the end of the Project. For example, seven months after the Project started one of the most anticipated improvements was implemented: real-time eligibility for Food Stamps. Such periodic and incremental improvements have continued and have resulted in more timely service delivery, better program performance, and greater capacity to match our ever-increasing workload. (See the detail in the following two sections on benefits to Idaho citizens and operations.) Our prior experience with projects initiated with intent to replace EPICS spent several years defining business requirements and/or developing replacement strategies, only to be discarded with a change of administration or budget limitations. The design and methodology of the EPICS Replacement Project is producing results; those results are creating greater confidence and greater performance, which has produced a synergy that has created optimism about the project and willingness, on behalf of staff and leadership, to adapt and change.

Benefits to Idaho Citizens: The ER Project has delivered tangible improvements in the welfare services received by Idahoans. This includes decreasing the time from application to eligibility decision, less costly service delivery (fewer taxes) as increased caseloads have been managed without increased staff and services delivered more consistently statewide. One of the most notable measures of improvement is the average number of days to approve an application. The chart below shows the improvement made as a result of the EPICS Replacement Project and the
associated Business Modernization changes since June 2006 (the beginning of state fiscal year 2007).

**Operational Benefits:** The ER Project has delivered tools and processes that have improved accuracy in all welfare benefit programs. It has increased capacity for workers to process applications and maintain cases. Previously unavailable data became easily accessible, enhancing our ability to effectively manage statewide operations. Better data and more consistent operations have created more effective welfare service delivery. Today we are managing the largest caseloads in Department history without additional case managers, all while implementing some of the greatest changes in our Department history.

Finally, for comparison purposes, a national survey conducted by Accenture shows time and cost analysis of states that are undertaking efforts to replace their eligibility systems. Replacement can be accomplished by creating a new system, but the costs are very high:

- One of California’s eligibility systems (CALWIN) in ~1/3 of California - 8th year of development with costs exceeding $500 million
- Texas – 2 out of 254 counties - 8 years of development with costs exceeding $300 million
- California’s C-IV system currently in 4 counties – 3 years of development and a total cost of $220 million

Idaho chose to replace its eligibility case management through a process of transferring a developed system from another state. Costs vary by state, and the costs are less than creating a new system, for example:

- Michigan transferring the TIERS system from Texas - $69 million to date
- Tennessee purchased a commercial off-the-shelf system from Albion - $37 million award for a base product and technical support (currently behind schedule and likely over budget)
- Idaho transferring California C-IV – will complete ER project for under $28 million

When completed, the new EPICS system in Idaho will be one of the most modern and least expensive eligibility system replacements in the nation.