

Fraud Case Management System Replacement

FY2009 Request: \$298,200
Reference No: 42858

AP/AL: Appropriation **Project Type:** Information Systems
Category: Health/Human Services
Location: Statewide **Contact:** Arnold Liebelt
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-1870
Estimated Project Dates: 05/01/2008 - 06/30/2014

Brief Summary and Statement of Need:

This project replaces the Fraud Case Management system (FCM), a fundamental information tracking database with over two decades of history. The fraud staff uses the system to support necessary Fraud prevention and detection services. In FY07, division fraud staff investigated nearly 1200 cases of possible fraud. Our welfare fraud deterrent efforts resulted in 13 indictments, eight convictions and 236 administrative disqualifications. Fraud claim collections totaled \$419,190 in debt owed to Alaska and the combined amount of cost avoidance, claims established and claims recovered totaled over \$2.65 million dollars.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Fed Rcpts	\$113,900						\$113,900
G/F Match	\$110,900						\$110,900
Gen Fund	\$73,400						\$73,400
Total:	\$298,200	\$0	\$0	\$0	\$0	\$0	\$298,200

<input checked="" type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
50% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	7,500	0
<u>One-Time Startup:</u>	<u>0</u>	
Totals:	7,500	0

Additional Information / Prior Funding History:

Project Description/Justification:

Information Technology Capital Project Review Form FY2009

1. Has this project been previously approved? No
2. What is the purpose of the project?

The FCM system was designed in 1999 using Microsoft Access database. The FCM database has become too large and complex for a Microsoft Access application. It has become outdated and unstable. The system does not support concurrent multi-user/site use and is not supported by the Department's Information Technology Section. It contains over 20 years of fraud control case history. A new system or renovation needs to be developed and implemented as soon as possible. The Fraud Case Management system was last updated in 2001 using Microsoft Access 2000.

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Current issues with the FCM System:

- ? The Department Information Technology staff lack resources with Microsoft Access knowledge and can no longer support the system.
- ? It is not secure.
- ? It is not state standard for a multiple user/location system.
- ? It only handles simple stored procedures.
- ? It is missing key functionality.
- ? It cannot efficiently do multiple adds, updates or deletes by concurrent multiple users.
- ? It was not designed to be used in an intensive database-driven environment.
- ? It is hard to access the database if it isn't on a machine directly attached to the server.
- ? The system wasn't designed for the task of concurrent multiple users and sites. To address the issue, the database is copied to multiple servers in four locations and synchronized.

The Fraud Unit has three main functions:

1. Investigations
 - ? Early Fraud Detection
 - ? Recipient Fraud Control
2. Administrative Disqualification Hearings
3. Claims Processing and Collection

Without a functional information system, Fraud staff access to critical case notes, investigative case history or research of prior offenses is limited. It blocks needed system queries, slows worker productivity, forces manual preparation of forms and legal documents, prevents production of needed reports and greatly limits productivity of out-stationed investigators.

Project cost:	Capital:			Annual O&M costs or savings
	Prior Years	FY 2008	FY 2009	
General Funds		\$ 73,400		\$750
General Fund Match		\$ 110,900		\$3,375
General Fund Program Receipts				
I/A Receipts (dept. and fund source)				
Other Funds (name and fund number)				
Federal Funds		\$ 113,900		\$3,375
		\$298,200		\$7,500
Total				

3. Is this a new systems development project? Could be a system upgrade or replacement.
 Upgrade or enhancement to existing department capabilities? Yes
4. Specifically, what hardware, software, consulting services, or other items will be purchased with this expenditure? (Include a line item breakdown.)

1.1.1. Total Project cost information is from the Information Technology Plan Appendix C and includes operating costs.

Project Initiation / Planning	\$	19,283
1.1.5. Requirements Definition	\$	31,794
1.1.6. Operations Staff Costs *	\$	48,075 *
1.1.7. System Design	\$	57,573
1.1.8. Software Acquisition	\$	12,734
1.1.9. Software Installation / Programming	\$	95,173
1.1.10. Hardware / Infrastructure Acquisition	\$	15,845
1.1.11. Hardware / Infrastructure Installation	\$	5,287
1.1.12. Hardware / Infrastructure Testing	\$	5,287
1.1.13. System Integration and Testing	\$	37,600
1.1.14. Installation and Deployment	\$	4,700
1.1.15. System Operation and Maintenance	\$	3,525
1.1.16. Corrective and Adaptive Maintenance	\$	4,700
1.1.17. Training	\$	4,700
1.1.18. Total	\$	346,275

* NOT PART OF THE CAPITAL BUDGET REQUEST

5. How will service to the public measurably improve if this project is funded?

The Division of Public Assistance, Fraud Control Unit has statewide responsibility for the welfare fraud deterrent effort. The Fraud Control Unit conducts two types of investigations - applicant fraud investigations and recipient fraud investigations. The fraud unit consists of 16 staff, 11 in Anchorage, two in Fairbanks, one in Kenai, and two in Wasilla. Claims collection staff located in Juneau pursue debt collection.

The Fraud Control Unit helps the department maintain the integrity and public support for our ATAP, Food Stamps, APA, Medicaid and Child Care programs. This system greatly affects the efficiency of fraud investigators. The more functional FCM is, the more cases can be investigated and linked to prior history of fraudulent persons. Successful investigations result in disqualification and the recovery of fraudulently received welfare benefits. A modernized system will help with data access and the generation of reports. A stable system that supports our out-stationed staff needs will increase their productivity and the reliability of the system.

6. Does project affect the way in which other public agencies will conduct their business? No

7. What are the potential out-year cost implications if this project is approved? (Bandwidth requirements, etc.)

New costs would be the annual software license maintenance. The system would reside on existing hardware and replacement would fall under current replacement cycles. The department cost allocates programming resources for maintenance through the Information Technology Services unit for maintaining the system internally. Programming maintenance costs can be absorbed in the operating budget without an increment. The actual user pool is small and would have minimal impact on the bandwidth; the majority of transactions will be within a WAN/Internet environment.

8. What will happen if the project is not approved?

Over the past two years incidents of system problems and errors in both Anchorage and out-lying offices have increased. The consequences of the database crashes and the system not being supported by ITS significantly impacts our ability to provide proper program integrity required by federal rules and the proper administration of our public assistance programs.

Failures or lack of system access has numerous ill effects:

1. Would not be able to meet the current workload placed on the fraud unit.
2. Would not be able to provide offices with timely data to fulfill policy obligations, such as claims determinations and benefit adjustments, suspensions or case closures.
3. Would not be able to provide the current statistical support level to the Research Unit.
4. Would have to revert to manual operations with the subsequent loss in productivity and the possible introduction of data transcription and manipulation errors.
5. May need to increase staff resources.

The risk of loss is greater every year the system replacement is delayed because of the almost two years it will take to replace the system.