

# IT Spotlight Report- CYFD

Presentation to the Science, Technology and Telecommunications Committee

Jessica Hitzman, Legislative Finance Committee

August 31, 2023



# LFC Oversight

- LFC maintains oversight of the state's IT projects
- Oversight mechanisms:
  - Project Certification Committee
  - C2 Funding Cycle
  - Quarterly Report Cards
  - IT In Depth/Spotlight Reports – NEW
- Spotlights:
  - *HSD's Medicaid management information system replacement project (2022)*
  - *CYFD's Comprehensive child welfare information system replacement project (today)*
- Spotlights provide a mechanism for looking at a project more in depth, including project status, history, goals, and accomplishments

## Comprehensive Child Welfare Information System Replacement Project/NM Impact Project

By: Jessica Hitzman

**Agency: Children, Youth and Families Department**

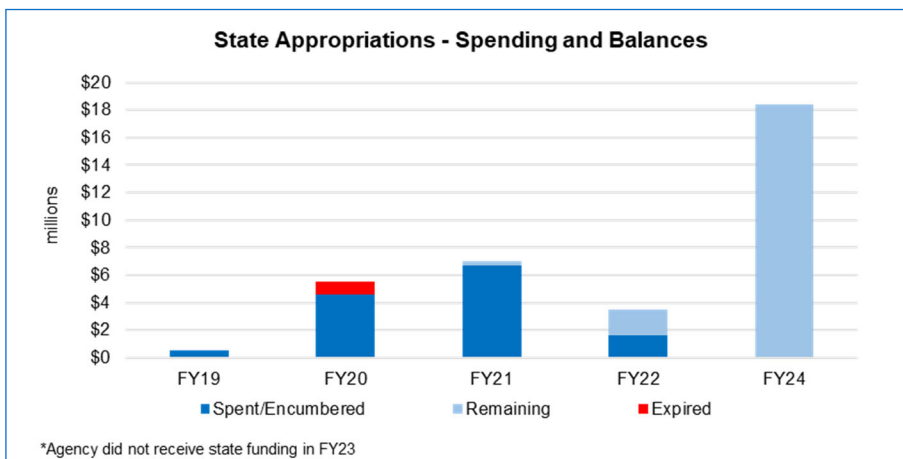
**Total Cost: ~\$71,068,000**

**The Children, Youth and Families Department (CYFD) is pursuing a new comprehensive child welfare information system (CCWIS) to help workers provide effective services and to meet federal requirements.** The system will replace the 25-year-old legacy Family Automated Client Tracking System (FACTS) and service CYFD’s Protective Services and Children’s Behavioral Health programs. In 2016, the federal Administration on Children and Families (ACF) announced new rules for states to replace their legacy IT systems, offering a federal funding match for development and operations. The new CCWIS rule aimed to improve the quality of data collected, emphasizing the need for modernization and integration across programs and systems. To meet these requirements, CYFD is pursuing a new modular, integrated system to provide enhanced tools to improve outcomes, increase confidence and data integrity, provide more accurate real-time program reports, and improve efficiencies and productivity at the agency. The system includes functions for data collection, case management, compliance, reporting, and analytics by integrating with other data systems and providing web-based access for caseworkers, service providers, and other stakeholders in the field to update and manage child welfare case information in real time.

**The project is part of the Health and Human Services 2020 (HHS2020) initiative, which includes 13 assistance programs serving 1.7 million individuals, but delays have impacted CCWIS and other related HHS2020 projects.** HHS2020 aims to establish an integrated, customer-centric health and human services structure to more effectively deliver services. The partner agencies must submit updates to federal partners for project budgets and contracts, but concerns surrounding CYFD’s procurement strategy and cost allocations caused significant prior project delays. A total project cost is still to be determined pending completion of the agency’s procurement, and, due to prior approval delays, CYFD has only recently been able to submit federal reimbursement requests for expenses incurred. However, project and agency leadership changes have since resulted in recent improvements to the project, including the adoption of a competitive procurement strategy to meet federal requirements and a simplified cost allocation that improves project risk. In 2023, the project stakeholders renamed the effort *the New Mexico Impact Project* to reflect this new trajectory.

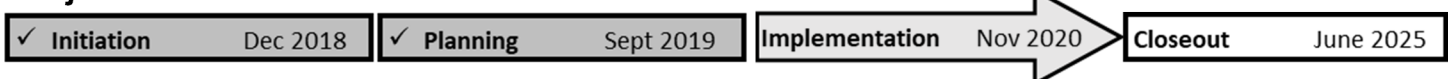
**In January 2022, after 20 months of pending approvals for non-Medicaid portions of the system, New Mexico was the first in the nation to receive approval from four federal agencies for its inter-agency project.** The federal approvals will allow CYFD to realize more federal revenues and complete its request for proposals process, expected in July 2023. So far, the total state investment includes \$16.5 million in historic funds and \$18.4 million in new funds appropriated for FY24. As of the third quarter of FY23, CYFD has received federal reimbursements for its eligible incurred expenses, with \$2.4 million received from ACF and \$1.1 million in Medicaid revenues received from HSD.

Project Type	Fully Funded?	Currently Provides Public Benefit?
Replacement	No	No



Project Start Date	09/1/2017
Estimated End Date	06/31/2025
Amount Funded	\$38,638,806
Amount Spent to Date	\$12,778,955
Percent of Total Cost Funded	54.4%
Percent of Funding Spent to Date	33.1%

### Project Certification Timeline



## LFC Report Card Rating

	FY23
Measure	Q3
Budget	<b>R</b>
Schedule	<b>R</b>
Risk	<b>Y</b>
Overall Rating	<b>Y</b>

Most recent LFC project report cards reflect an improving but still moderate risk status for the CCWIS project. Since obtaining federal approvals, **budget risks** have decreased but pending completion of its procurement, CYFD's overall project budget is still to be determined.

The project independent verification and validation (IV&V) vendor, CSG, submitted its final monthly IV&V report as of December 2022 and was contracted to be the new CCWIS project management office. A new IV&V contractor is being brought on. IV&V reports from December show improved schedule risks, but a master schedule is still not complete pending the establishment of the new project management office, posing some risk.

## Project History

**The project will replace the agency's outdated Family Automated Client Tracking System (FACTS) with a new cloud-based system to track and report on children and families within the child welfare system.** The current system, FACTS, is at the end of its life cycle, expensive to maintain, and cannot adapt to changes in regulations and requirements. New federal rules were announced in 2016 requiring states to modernize their legacy child welfare IT systems, and CYFD began its replacement the following year. The new system will support effective administration of child welfare and children's behavioral health programs, essentially modernizing the system to meet new regulatory requirements and improve worker productivity and operational efficiencies.

**The project is part of the larger Health and Human Services 2020 (HHS2020) initiative, including 13 different assistance programs across five agencies.** HHS2020 is intended to create a customer-centric approach to health and human services delivery across state agencies, integrating various systems to provide more accurate data and reporting abilities, including the ability to adapt to constant changes in regulations and requirements using modular and integrated design. The CYFD and Human Services Department (HSD) replacement projects will lay the foundations for HHS2020, helping the state receive federal certification and secure an enhanced federal funding match for Medicaid and child welfare system operations. The HHS2020 effort is intended to create a "one stop shop" and "no-wrong door" approach to providing state health and human services. However, to receive federal funding, the agencies require federal approval of shared project budget and planning documents, which posed significant challenges and delays to the projects.

**Issues with procurement strategy and cost allocations across shared HHS2020 projects contributed to project schedule delays and cost increases.** After exploring options for a replacement system through a request for information process, CYFD signed a contract with the vendor Binti for a pilot and statewide implementation of two modules in May and June 2020. However, CYFD was required to undergo a competitive procurement process for all contracts to be eligible for federal cost sharing. Several delays to these contract approvals caused significant delays to the project. In total, CYFD spent around \$7 million in general fund dollars for the previous Binti modules, which were not approved for federal reimbursement or cost share, with only one module still in use. In 2021, CYFD executives eliminated the use of the Binti placement module but decided to continue using the licensing module until a comprehensive case management solution is complete. Of note, federal approval delays also impacted a related project at HSD—the Medicaid management information system replacement (MMISR) effort—among other changes to vendors and project leadership. These changes and delays resulted in a five-year delay to the MMISR project timeline. Further, CCWIS project completion is largely dependent on final integration with the HHS2020 initiative and the new Medicaid system, so delays to one project impact the other.

**Project and agency leadership changes and a shift to a competitive procurement strategy provide a way forward for the project following prior delays and cost increases.** As a result of concerns from federal partners and other leadership changes, CYFD changed its procurement strategy and removed Binti as its vendor to instead implement a competitive procurement, as required by the federal partners. After 20 months, CYFD and HSD received federal approvals for its advanced planning document in January 2022 for non-Medicaid aspects of the system. In addition to the months of approval delays, CYFD also

## Project Certification Committee Change Requests

Change Request Date	Additional Amount Certified*	Purpose of Change Request
11/21/2022	\$4,136,692	To support contracts
3/28/2022	N/A	To shift to a competitive procurement and extend project timeline (+18 months)
2/27/2020	\$4,529,406	To support contracts (IV&V, vendor contracts, etc.)
11/21/2019	\$507,047	For Binti pilot modules (Licensing and Placement)

\*Indicates release of already-appropriated funding. Includes state and federal funding sources.

Source: PCC Documents

needed to include time to complete a procurement, so 18 months was added to the project timeline. Although the advanced planning document is approved, CYFD and HSD are required to provide quarterly updates on the project budget and must receive approval for all contracts. The CCWIS request for proposals (RFP) and requirements planning began for a new vendor, and in March 2022 CYFD began preparing for CCWIS implementation. New project governance was approved and implemented, and two months later the updated CCWIS project budget and project request for proposals were approved by federal partners and released for publication. CYFD is now nearing completion of its procurement, with the new project implementation vendor expected to start in July 2023, at which point CYFD will reassess its schedule and produce better cost estimates.

**The HHS2020 effort includes the CYFD CCWIS replacement project, the Human Services Department’s Medicaid management information system (MMIS) replacement and child support enforcement system (CSES) replacement projects, and other information system projects within the Department of Health, the Early Childhood Education and Care Department, and the Aging and Long-Term Services Department.**

## Project Budget

**CYFD has received nearly \$35 million in state funds, with an expected federal match of \$26.2 million, but total federal reimbursements to date total just around \$3.6 million.** The project was appropriated computer system enhancement funds totaling nearly \$35 million with an expected federal match of \$26.2 million in state General Appropriation Acts (GAA) since 2018. However, delays in approving procurements, contracts, and the federal advanced planning document prevented CYFD from submitting project expenditures for reimbursement until the documents were approved in January 2022. As a result, CYFD is still pursuing reimbursements for federal funds for which CYFD had budget authority in past years, but \$900 thousand from FY20 has since expired and around \$7 million in general fund revenues spent on prior Binti modules will not be reimbursed. CYFD has received reimbursements so far totaling over \$3.6 million, including \$2.5 million in Administration on Children and Families reimbursements and \$1.1 million in federal Medicaid revenue transferred from HSD. However, this includes \$147.1 thousand in expired funds from federal Centers for Medicare and Medicaid Services (CMS) in FY20 that were received but not spent. CYFD reports being up to date on federal reimbursements as of March 2023 and is expected to receive another \$3 million in CMS revenue transferred from HSD in FY24.

**CYFD Budget History**  
(in thousands)

				ACTUAL FEDERAL REIMBURSEMENTS	
		STATE FUNDING (GAA)	FEDERAL BUDGET AUTHORITY (GAA)*	Center for Medicaid and Medicare Services	Administration on Children and Families
FY19	Laws 2018, Chapter 73, Section 7(27)	\$500.0	\$500.0	\$0.0	\$0.0
FY20	Laws 2019, Chapter 271, Section 7(28)	\$5,500.0	\$332.6	\$147.1**	\$0.0
FY21	Laws 2020, Chapter 83, Section 7(37)	\$7,000.0	\$6,410.0	\$2,325.8	\$1,150.3
FY22	Laws 2021, Chapter 137, Section 7(33)	\$3,523.7	\$4,953.5	\$25.3	\$27.2
FY24	Laws 2023, Chapter 210, Section 7(38)	\$18,439.4	\$11,044.6	In Progress	In Progress
FY24	Laws 2023, Chapter 210, Section 7(38) (CMS/HSD Transfer amount)	\$0.0	\$3,000.0	In Progress	In Progress
	Totals	<b>\$34,963.1</b>	<b>\$26,240.7</b>	<b>\$2,498.1</b>	<b>\$1,177.6</b>
				<b>\$3,675.7</b>	

\*Federal budget authority includes amounts listed in the General Appropriations Act (GAA) as federal funding. Actual reimbursements may differ from the amount budgeted in the GAA each year.

\*\* Amount received from CMS in FY20 have since expired.

**In FY23, project costs are estimated at \$71 million—up from \$36 million—but cost estimates are still incomplete pending the completion of CYFD’s procurement.** The new budget was developed to reflect costs more accurately, including staff, hardware, and other costs not included in initial budget estimates. With the move away from a declared solution to competitive bid, the project

***New Mexico is one of 20 states developing a CCWIS compliant system, while only one state has implemented a fully operational system.*** According to the federal Administration on Children and Families (ACF), as of January 2023, Idaho is the only state to implement a fully operational CCWIS-compliant system: the *Ensuring Safety and Permanency in Idaho (ESPI)* system. The vendor Deloitte reports the new system resulted in a

- 30 percent increase in child welfare staff capacity,
- 82 percent decrease in safety decision backlog,
- 77 percent decrease in time-to-safety decisions (from 57 to 13 days), and
- 10 percent decrease in time to permanency.

ACF includes New Mexico among 20 states in the development stage, marked by the approval of an advance planning document, received in January 2022. CYFD must continue to provide updates to federal partners to receive enhanced matching funds for the system and to ensure progress is in line with federal procurement and other requirements.

budget became unclear, representing a range of solution costs, contingent on the solution selected. On completion of the procurement, CYFD will have a better idea of total expected costs, which may be higher or lower than currently expected. Further, ACF projected a cost of \$65 million for states to implement a newly operational child welfare system, compared with a cost of \$34 million to transition from an existing operational system to a CCWIS-compliant system. In FY20, CYFD projected the cost of a new commercial-off-the-shelf CCWIS system to be \$36 million—nearly aligned with the lower ACF estimate. Now, the new project cost of \$71 million—which could still be amended after the agency concludes its procurement—puts the CYFD replacement effort at a higher cost than the estimates provided by ACF for development of a new CCWIS. Several states have indicated to ACF the \$65 million estimate is too low for development, but those states have failed to provide additional cost estimates to verify this claim, so ACF has yet to alter its estimate.

## **Expected Benefits**

As noted, the system will allow for data collection and reporting, analytics, and can act as a case management system. It further allows for compliance with new rules and regulations as they change by implementing a modular design, which allows CYFD to alter individual components of the system—or modules—without affecting the entire system. The new CCWIS will provide timely and accurate information to facilitate informed decision-making and promote improved access to information for caseworkers. Additionally, the system will accommodate state and federal reporting requirements.

Other key outcomes of this project include:

- Providing a more flexible and mobile workforce using cloud-based technology,
- Promoting improved access to information using mobile, web-based, real-time information resources that allow for increased continuity of care among the families served by the agency,
- Providing the ability to share appropriate data across project partners, federal agencies, the courts, and other external stakeholders, including child abuse data, foster care, and adoption data, etc.
- Improving operational policies and procedures, conducting data clean-up, and updating the network and security.

CYFD will track the outcomes of the project using measures, such as time spent in the referral process, time to permanency, the percentage of children eligible for federal assistance, and other qualitative measures such as confidence in program reports, staff productivity, and informed clientele.

By implementing a CCWIS, states can ensure compliance with federal regulations and standards set by the ACF, which includes meeting specific requirements for data collection, reporting, security, privacy, and interoperability, which are essential for receiving federal funding and maintaining program eligibility. A CCWIS can also help improve efficiency at the agency and, ideally, outcomes for children and families. Until New Mexico can implement a fully functional CCWIS system, the agency will continue relying on its legacy system, FACTS, to provide services and do case management.

## OVERVIEW

Project Phase	Implementation
Start Date	9/1/17
Est. End Date	10/31/22
<i>Revised</i>	6/31/25
Est. Total Cost	\$36,000.0
<i>Revised</i>	\$71,068.0

### Project Description:

*The comprehensive child welfare information system (CCWIS) replacement project—also known as the New Mexico Impact Project—will replace the legacy Family Automated Client Tracking System (FACTS) with a modular, integrated system to meet the federal Administration on Children and Families requirements.*

## Comprehensive Child Welfare Information System Replacement/New Mexico Impact Project

### Overall Status

The Children, Youth and Families Department (CYFD) and other stakeholders are now referring to the comprehensive child welfare information system (CCWIS) replacement project as the New Mexico Impact Project. CYFD obtained approval for a simplified cost allocation, designating 39.55 percent of project costs as shared Medicaid costs eligible for a 90 percent federal match, while 60.45 percent of costs qualify for a 50 percent federal match from the Administration on Children and Families (ACF).

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	R	Y	R	R	R	R
Schedule	R	R	R	R	R	R
Risk	R	Y	Y	Y	Y	Y
<b>Overall Rating</b>	<b>R</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>

### Budget

For FY24, the agency is receiving \$18 million from the general fund, \$11 million from federal funds, and \$3 million from the Human Services Department (HSD), to be included in the fourth quarter report. CYFD hired a new project budget analyst and was approved for a simplified federal cost allocation methodology, which will mitigate risk. Budget uncertainty still poses risk because CYFD has yet to finish its procurement—expected in the next quarter—at which point CYFD will develop better cost estimates. CYFD is up to date on federal reimbursements through the end of the third quarter.

### Budget Status Overview

(in thousands)

State	Federal (ACF)	Medicaid Revenue from HSD	Total Historical Funding*	Spent to Date	Balance	% of Appropriations Spent
\$16,523.7	\$2,351.7	\$1,117.6	\$19,993.0	\$10,064.3	\$9,928.7	50.3%

\*\$9.3 million in prior historical funds are expended, expired, or inactive.

### Schedule

CYFD is nearing completion of its procurement. The new project implementation vendor is expected to start in July 2023, at which point CYFD will reassess its June 2025 timeframe. The procurement was delayed by three weeks, resulting primarily from leadership changes at the agency and needed approval processes within state purchasing.

### Risk

The simplified cost allocations should significantly improve budget and schedule risks for the project in future quarters, as pending federal approvals have been the primary impetus behind prior schedule delays. Additional progress on budget reconciliations and estimates following the close of the procurement should also improve risk next quarter.