

**REPORT
TO THE LEGISLATURE
ON THE
CASE MANAGEMENT,
INFORMATION AND PAYROLLING
SYSTEM II**

January 2014

State of California
Office of Systems Integration
&
California Department of Social Services

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REPORT MANDATE

As defined in supplemental reporting language to the Fiscal Year 2012-13 budget, the Case Management Information and Payrolling System II must provide to the Budget Committees of the Legislature a report with information related to performance and recent delays.

Table of Contents

I.	Executive Summary	1
II.	Introduction and Background	1
III.	Project Status and Discussion of Difficulties in Fiscal Year 2011-12	2
IV.	Extension of Project Schedule in Fiscal Year 2012-13	4
V.	Summary / Conclusion	5
VI.	Future Plans	6
VII.	IHSS CMIPS II Fact Sheet	6

I. Executive Summary

This Report to the Budget Committees of the Legislature on the Case Management Information and Payrolling System II (CMIPS II) Project provides information specific to four topical areas as requested:

- A description of specific performance issues, programmatic challenges, and technical difficulties that led to a CMIPS II development delay in 2011-2012, identifying the cause of the delay;
- For each cause of delay, a description of corrective measures and their components, that were adopted as a result;
- For issues associated with the vendor, a description of the efforts to resolve the issues, including decisions regarding recoupment of costs (e.g., those associated with damages), adjustments of timelines, and amendments to contract(s);
- An estimate of the costs caused by any and all delays, by fiscal year and over the course of the full contract.

CMIPS is the automated system that handles payroll functions for In-Home Supportive Services (IHSS) providers. The current vendor (formerly Electronic Data Systems, now Hewlett Packard) has operated the system since its inception in 1979. Since 1997, the State has been in the process of procuring and developing a more modern CMIPS II system.

A seven month delay in the project's scheduled completion during Fiscal Year (FY) 2011-12 was due, in part, to technical difficulties in achieving accurate data conversion.

Beginning in July 2012, the system was rolled out in six phases of counties, finishing in all 58 counties effective November 4, 2013. The IHSS CMIPS II Fact Sheet attached to this report displays the rollout by county.

II. Introduction and Background

The IHSS Program was established in 1973. In 1978, California implemented Welfare & Institutions Code 12302.2 which mandated a payroll and payment system for the IHSS program. The system's purpose is to assist IHSS recipients who act as the employer of record to properly withhold employee taxes and pay employer taxes on the recipients' behalf. This mandate resulted in the development of the Case Management, Information and Payrolling System, currently referred to as legacy CMIPS.

CMIPS was in operation for more than 30 years and became outdated. It was unable to support many of the major technical or functional modifications necessary to support new legislation and growing caseloads. CMIPS was determined to be at a high risk of failure if substantially enhanced.

The contract to develop CMIPS II was awarded to the prime vendor on March 31, 2008, after a competitive bid was conducted.

CMIPS II is the only state system that processes Medi-Cal claims for IHSS programs and provides paid claims information to the Department of Health Care Services (DHCS) for data analysis and reporting. DHCS also uses CMIPS II information to claim federal funds for the IHSS program under Title XIX.

III. Project Status and Discussion of Difficulties in FY 2011-12

CMIPS II logical design and development was completed in late spring, 2012. On July 30, 2012, the system was implemented in Yolo and Merced counties on a pilot basis. The CMIPS II Pilot was extended to San Diego County on September 4, 2012, and after additional implementations since March 2013, CMIPS II now serves all 58 counties.

Factors that led to CMIPS II Development Delay in FY 2011-12

The CMIPS II project was delayed by eight months from November 28, 2011 to July 31, 2012.

- **#1 Data Conversion**

- **Cause of Delay** – The inability to accurately and timely move data from the legacy CMIPS to CMIPS II caused delay. As data conversion tests were performed for the pilot counties in October and November 2011, the resulting data had too many defects. Resolution of conversion defects was monitored and the schedule was extended to accommodate the defect closure rate. As of the final “go/no-go” decision point on October 13, 2011, too many defects remained unresolved, resulting in a “no-go” decision on October 14, 2011.
- **Description of Corrective Measures & Outcomes** – A corrective action plan was provided to address unsuccessful county data conversion runs executed in October and November 2011. Resolution of these issues allowed the project to move forward.

- **#2 CMIPS II System Defect Resolution**

- **Cause of Delay** – The testing of the CMIPS II application was not completed as scheduled due to the high volume of system defects.
- **Description of Corrective Measures & Outcomes** – Specific test exit criteria were established prior to the start of testing. The project monitored resolution of high-severity defects and extended the schedule to accommodate the defect closure rate. As of the final “go/no-go” decision point on October 13, 2011, high-severity defects remained unresolved, resulting in a “no-go” decision on October 14, 2011. Resolution of these issues allowed the project to move forward.

- **#3 Insufficient CMIPS II Infrastructure**

- **Cause of Delay** – Infrastructure changes became necessary when it was determined that the originally-defined CMIPS II architecture was insufficient for CMIPS II production needs. The CMIPS II solution architecture was defined in late 2009. Subsequent design and test activities provided indications that the originally-defined solution architecture was deficient. The contractor revised the CMIPS II solution specifications for implementation. Due to the timing and number of the changes specified, there were difficulties in fulfilling the change requests within the timeframes necessary for pilot county implementation dates. As of the final “go/no-go” decision point on October 13, 2011, the necessary configuration changes could not be accomplished, necessitating a “no-go” decision.
- **Description of Corrective Measures & Outcomes** – Alternatives to meet CMIPS II infrastructure needs were evaluated. The resulting changes were anticipated to be finalized by the end of the first week of August 2011. In order to accommodate a schedule shift, the planned infrastructure configuration changes and necessary commercial software upgrades were overlapped to keep the CMIPS II software components current. These activities were completed by mid-August 2012, after pilot county implementation.

- **#4 System Performance Test**

- **Cause of Delay** – The mid-September 2011 deadline for performance testing to demonstrate that the “as-built” system could meet requirements for system response time, user response time, availability, and batch run times under both normal and stress conditions, could not be met. This was due to a delay in defining performance test scenarios and developing data sets to be used in conducting the performance tests. By early October 2011, it was confirmed that baseline performance testing could not be completed as scheduled.
- **Description of Corrective Measures & Outcomes** – Definitions of tests to be performed and results to be documented to demonstrate successful completion of performance tests were established. The contractor used these to complete necessary rework until the performance test materials were acceptable. Performance tests were monitored to ensure test activities were performed in accordance with approved test materials and plans. Baseline performance test activities were planned to be completed by mid-September 2011. Performance test activities were completed and accepted in late June 2012, with approval conditional on additional performance tests before Group 1 implementation.

IV. Extension of Project Schedule in FY 2012-13

The CMIPS II Project was further adjusted by five months due to a three month extension of the CMIPS II pilot evaluation period and a two month extension of the implementation timeline related to Quarter End go-live considerations.

- **#1 Three-Month Pilot Extension**

- **Cause of Delay** – Three months of the five-month delay occurred in early 2013 when the CMIPS II pilot evaluation period was extended for an additional three months. The original plan was to provide a three-month period of system evaluation, from September 4, 2012 through December 4, 2012.

During the planned pilot evaluation period, numerous concerns were raised by counties and other stakeholders regarding county workload, client and provider confusion and inaccuracies in payroll. Three months were added to the pilot evaluation period to make changes to processes and to provide a period of observation of the system, to determine stability and the effectiveness of implemented system changes. These included:

- the redesign of the timesheet layout and language
 - the redesign of the payroll remittance advice statement
 - the redesign and resolution of defects for payroll deductions for union dues functionality
 - the redesign and resolution of defects for payroll deductions for health benefits functionality
 - the redesign of county worker task queues
 - the resolution of defects in critical reports functionality
- **Description of Corrective Measures & Outcomes** – Many entities worked collaboratively to plan, test, and implement process and system changes. These efforts corrected then-known system and process deficiencies and allowed the CMIPS II application to be observed throughout three payroll cycles. The CMIPS II pilot implementation was adjusted by three months from December 2012 to March 2013. The impact to the overall rollout schedule was a shift to all county deployment groups by three months. Group 1 (8 counties), Group 2 (22 counties), Group 3 (LA County) and Group 4 (24 counties), now have been successfully implemented.

- **#2 Two-Month Quarter End Adjustment**

- **Cause of Delay** – During the summer of 2013, it was determined that there was too much risk to deploy CMIPS II at the end of a fiscal quarter. In 2008, the original contract stated that go-live dates were required to be on fiscal-quarter-end dates. In order to compress the implementation schedule to make up for schedule delays in 2009-10, the contract was

modified to allow that go-live dates might have occurred on any month of the year. In 2013, the project schedule depicted implementation for two of the four county implementation groups on fiscal-quarter-end dates. Subsequently, new risks related to quarter-end implementation were identified.

- **Description of Corrective Measures & Outcomes** – Each of the two quarter-end deployments were shifted by one month to avoid the risks of implementing during a fiscal quarter-end window. This ensured that:
 - the data conversion process was changed and fully tested;
 - the uncertainty of sufficient capacity to conduct go-live activities and quarter-end processing simultaneously was avoided; and
 - remittance advice statements for providers would have complete year-to-date information.

Two deployments originally scheduled for implementation during quarter-end windows were shifted by one month each:

- Group 3 (LA County) from July 2013 to early September 2013
- Group 4 (24 Counties) from the beginning of October 2013 to the beginning of November 2013.

V. Summary / Conclusion

In November 2011, the contractor produced and delivered a remediation plan. Items identified in the remediation plan now have been either: (1) adequately resolved; or (2) planned in detail and incorporated into the approved CMIPS II Master Work Plan.

- **An estimate of the costs caused by any and all delays, by fiscal year and over the course of the full contract**
 - During FY 2011-12, CMIPS II had an eight month delay to planned pilot activities, from November 28, 2011 to July 31, 2012. The project was able to recover one month for the implementation rollout resulting in a total Design Development and Implementation period extension of seven months. The cost impact of this delay in FY 2011-12 is estimated to be \$10.4 million based on the monthly average cost to manage the project.
 - During FY 2012-13, the CMIPS II schedule was further adjusted by five months. The Pilot implementation was adjusted by three months from December 2012 to March 2013 to address then-known system and process deficiencies. An additional two month delay, due primarily to mitigating the risk of implementation during the quarter-end window, resulted in the shift of Groups 3 and 4 implementations to September 3, 2013 and November 4, 2013, respectively. The total cost of the delay was approximately \$17 million.

VI. Future Plans

Subsequent to the delays in implementation originating in 2011, county implementations resumed in July 2012 and concluded in November 2013. Implementation of each group of counties was dependent on meeting specific go/no-go criteria developed by the State and counties, with input from other key stakeholders and the system vendor.

The CMIPS II application was successfully operating statewide in all 58 counties effective November 4, 2013.

VII. IHSS CMIPS II Fact Sheet

A CMIPS II Fact Sheet is displayed on the following page.

IHSS - CMIPS II Fact Sheet

System Rollout

Pilot (1):	
CDSS	
Merced	30-Jul-12
Yolo	
Pilot (2):	
San Diego	4-Sep-12
Group 1:	
Alameda	
Contra Costa	
Fresno	
Kern	
San Francisco	4-Mar-13
Santa Cruz	
Solano	
Stanislaus	
Group 2:	
Butte	
Del Norte	
Glenn	
Humboldt	
Lake	
Marin	
Mendocino	
Napa	
Nevada	
Orange	
Placer	
Plumas	30-Apr-13
Riverside	
San Bernardino	
San Mateo	
Santa Clara	
Shasta	
Sierra	
Sutter	
Tehama	
Trinity	
Yuba	
Group 3:	
Los Angeles	3-Sep-13
Group 4:	
Alpine	
Amador	
Calaveras	
Colusa	
El Dorado	
Imperial	
Inyo	
Kings	
Lassen	
Madera	
Mariposa	
Modoc	
Mono	
Monterey	
Sacramento	
San Benito	
San Joaquin	
San Luis Obispo	
Santa Barbara	
Siskiyou	
Sonoma	
Tulare	
Tuolumne	
Ventura	4-Nov-13

In-Home Supportive Services New System Implementation

The In-Home Supportive Services (IHSS) Case Management, Information and Payrolling System II (CMIPS II) began pilot implementation with two (2) counties on July 30, 2012, followed by the third pilot county on September 4, 2012.

Successful implementation in the pilot counties paved the way for the following four (4) groups of counties to be implemented. Group 1, consisting of eight (8) counties, implemented the CMIPS II application on March 4, 2013. Group 2, consisted of 22 counties, with a successful implementation date of May 1, 2013. Group 3, (Los Angeles County) implementation occurred on September 3, 2013. Subsequently, the CMIPS II application was implemented to the remaining 24 counties on November 4, 2013.

Implementation in the last group of counties completed the rollout of the CMIPS II application to all 58 counties in the State of California. The CMIPS II project is now in the process of transition to the Maintenance and Operations phase scheduled to start in January 2014. Legacy CMIPS will begin to be phased out in 2014.

CMIPS II replaces Legacy CMIPS, the existing automated statewide system that performed payroll and case management functions for all IHSS providers and recipients. The current Legacy CMIPS vendor, Hewlett Packard (HP), who is also the CMIPS II vendor, has operated the CMIPS system since its inception in 1979.

With the implementation of CMIPS II, a significant change occurred for IHSS providers in the form of a redesigned timesheet. The processing of these new timesheets moved from the local county IHSS office to a statewide Timesheet Processing Facility (TPF) in Chico, CA. Providers now mail their timesheets to the TPF rather than their local county office. When timesheets arrive at the TPF they are scanned into CMIPS II. This allows counties to view the timesheet in order to assist providers to resolve any timesheet issues and respond to provider inquiries regarding timesheet/payroll questions.

Public outreach notices were mailed to both IHSS providers and recipients in each county no earlier than 30 days in advance of that county's Go-Live date. These notices advised providers and recipients about the new CMIPS II timesheet and provided instructions for completion of the timesheet and the address to mail them to the new statewide TPF in Chico. The notices also reiterated the program rules related to timesheet submission. These notices are still posted on the California Department of Social Services website - <http://www.cdss.ca.gov>.

IHSS providers or recipients who have questions regarding timesheets or payroll should contact their local county IHSS office.