
MEMORANDUM

TO: STEPHEN KLEIN AND CATHERINE BENHAM, LEGISLATIVE JOINT FISCAL OFFICE
FROM: DANIEL SMITH, IT CONSULTANT FOR THE JOINT FISCAL OFFICE
SUBJECT: ACT 072 SECTION C.100 – LIMITED ASSESSMENT OF THE DESIGNATED AGENCY ELECTRONIC HEALTH RECORD FUNDING REQUEST
DATE: JULY 26, 2019

1. Background

The [FY 2020 Budget \(Act 072\)](#), section C. 100(a)(10), allocated \$1.5M “to fund grants for the development of an electronic medical/health records system for the State’s Designated Agency system.” Section C.100(a)(10)(A) of the Act requires that report be submitted to the Joint Fiscal Committee prior to the release of the funds:

“Vermont Care Partners and the Agency of Human Services shall present a plan for review and approval by the Joint Fiscal Committee at its July 2019 meeting. The plan shall summarize the development and implementation of the system and demonstrate that this project will support the goals set forth in the statewide Health Information Technology (HIT) Plan (defined in 18 V.S.A. § 9351) and meet, at a minimum, the connectivity requirements set forth in the statewide HIT plan and the requirements of the Centers for Medicaid Services (CMS). The plan shall support current payment reform initiatives and include the projected project timeline and total budget including the allocation of this appropriation. No funds shall be released prior to review and approval by the Joint Fiscal Committee.”

While the original [House budget bill](#) contained language requiring the Joint Fiscal Office to “provide a preliminary review and assessment of the proposed project to the Joint Fiscal Committee at its July 17 2019 meeting and a final report at its September 2019 meeting.” This language was removed in the Senate and final version of the bill. However, as the proposal is before the Joint Fiscal Committee I was asked to provide some background on the proposal.

Vermont Care Partners provided several documents to the Joint Fiscal Office in support of the required review plan (Act 072):

- A summary of the project background, including justification, anticipated benefits, and estimated costs (4/5/2019);
- A copy of the Request for Procurement that was used to select vendors for the system (4/5/2019);
- A draft version of the report required by Act 072 section C.100(a)(10)(A) (7/22/2019);
- The final version of the report required by Act 072 section C.100(a)(10)(A) (7/25/2019).

Meetings and phone conferences were held between the Joint Fiscal Office (JFO), the Agency of Human Services (AHS), and Vermont Care Partners (VCP) on 7/22/2019 and 7/23/2019 to discuss the Electronic Health Record (EHR) project and the report required by Act 072.

2. Comments and Concerns

This project was designed as a collaboration between D.A.'s and as such is a collective of smaller projects moving toward common systems. As the designated agencies have requested state support for \$1.5 million, and the cost of the completed project may be \$6 to \$7 million, the Joint Fiscal Office suggests that the level of state review should be reexamined.

Based on a preliminary review of the available documents and meetings conducted there is a reasonable amount of information available regarding the EHR project. While it must be recognized that this is not a State project, it does involve AHS and it will require State funds for both development and ongoing operations/maintenance. The specific comments and concerns that can be identified at this point are:

- a) This project has not been subject to an Independent Review or other third-party oversight. Given the projected implementation costs (\$6.7M), funding request before the JFC (\$1.5M), and projected increase in operational costs (\$3.5M), a State project would require such an Independent Review. VCP has made the argument that since the per-DA costs would be less than the State threshold of \$1M, an Independent Review is not needed. However, in current practice the State uses the aggregate cost, not the per-participant cost. While it must be acknowledged that while this project is not subject to State standards and requirements, our best practices would still indicate the need for independent review and oversight in order to identify and minimize project risks.
- b) Documentation and Reports submitted by VCP and AHS are not sufficient to address all of the key areas that the JFO generally uses to evaluate IT projects. If we were to use our traditional evaluation approach the preliminary evaluation would be as indicated below. While the final report submitted by VCP represented a significant improvement over the draft version, there are still some areas of concern.
 - Project Justification: (Why are we doing this? Is the project necessary and beneficial?)

Strong: The final report is acceptable with regards to justification. It describes several potential benefits of the new EHR system, and also highlights the disadvantages of continuing with the present system.
 - Clarity of Purpose: (Is there a clear definition of success? Is the scope statement complete?)

Strong: The final report includes specific milestones and detailed objectives. This includes implementation schedule and EHR type for each participating DA.
 - Organizational Support: (Is the organization ready to undertake this project? Has the potential need for business process change been acknowledged, and is there a Change Management Plan?)

Neutral: The report indicates that the organizations involved (VSP, AHS, and the DAs) support the project, however the report does not indicate how the organizations involved will ensure that migration to the new EHR systems is successful. This project appears to be a collaborative effort, without a single lead organization.

- **Project Leadership:** (Has a qualified person been designated to lead the project, and has that person been empowered to do so?)

Neutral: The report does not clearly indicate what agency, and what person in that agency, is ultimately responsible for the success of the project. The meetings held to discuss the report did not clear this up, and this can be considered a risk due to the complexity of the project and the number of organizations involved.

- **Project Management:** (Is the project management staff appropriate, and will project management conform to State of Vermont standards?)

Neutral: This is neutral since it is essentially unknown. Although VCP hired a project manager via a Health and Human Services Health Resources and Services Administration (HRSA) grant, no project management documentation or other information has yet been provided.

- **Financial Considerations:** (How much will it cost to complete the project, how much will it cost to maintain and operate the system, and how it will all be paid for?)

Neutral. While the final report is much stronger than the draft version regarding financial information, there are still some concerns. First, it is not entirely clear what the true implementation costs and annual operations/maintenance costs will be; the draft report described \$6.7 in implementation costs and a \$3.5M increase in annual operations/maintenance costs, while the final report described \$4.6M in implementation costs and a total annual operations/maintenance cost of \$2.5M. Second, there is no indication as to how these annual costs will be paid, and whether there will be recurring requests to the State legislature for funds.

- **Technical Approach:** (Is the proposed solution achievable, realistic, and appropriate?)

Strong. Although it would be desirable to have more information, the basic premise of implementing the new EHRs through commercially available systems is sound. That said, additional information regarding how the different EHR systems will be integrated and how they will connect to the Vermont Health Information Exchange would be desirable.