

MEMORANDUM



DATE: February 26, 2019

TO: House Appropriations Subcommittees on General Government and Health and Human Services

FROM: Kent Dell, Fiscal Analyst

RE: Department of Health and Human Services Information Technology Expenditures

Background

The Department of Health and Human Services (DHHS) utilizes funds appropriated by the Legislature into its information technology (IT) line items for administrative costs such as telecommunications, the development of new systems, and to support development and maintenance of its programmatic systems – such as BRIDGES, Community Health Automated Processing System (CHAMPS), Michigan Statewide Automated Child Welfare Information System (SACWIS), Michigan Child Support Enforcement System (CSES), Integrated Service Delivery (ISD), and others.

Expenditures Trends

Over the last 15 years and as noted in [Figure 1](#), the BRIDGES, SACWIS, and CHAMPS systems and the ISD project all have had significant developments or modernizations. From FY 2004-05 to FY 2017-18, expenditures have increased by approximately 120% Gross (130% GF/GP). The average annual increase over the same time period is approximately 6.3% Gross (6.7% GF/GP). The amounts in [Figure 1](#) reflect expenditures from the IT line-item appropriations only and not total IT expenditures, which also would include other IT expenditures supported from various administrative line items (e.g., Healthy Michigan Plan Administration).

Recent Appropriations Increases

There have been three recent DHHS IT appropriations increases to either the FY 2017-18 or FY 2018-19 DHHS IT budget. In May of 2018, DHHS notified the Legislature of a \$15.0 million GF/GP financing shortfall in its FY 2017-18 IT budget.¹ In response, DHHS halted all new IT projects that it deemed non-essential and reevaluated federal funding match rates and the Legislature appropriated \$4.1 GF/GP in the FY 2018-19 enacted IT budget to ameliorate any ongoing, structural GF/GP financing shortfall.

In November of 2018, the State Budget Office requested and the House and Senate Appropriations Committees approved a legislative transfer request that redirected \$15.1 million GF/GP from other DHHS programs and increased the federal revenue spending authorization by \$50.0 million (for a total transfer of \$65.1 million Gross) in order to remedy the FY 2017-18 IT budget shortfall.²

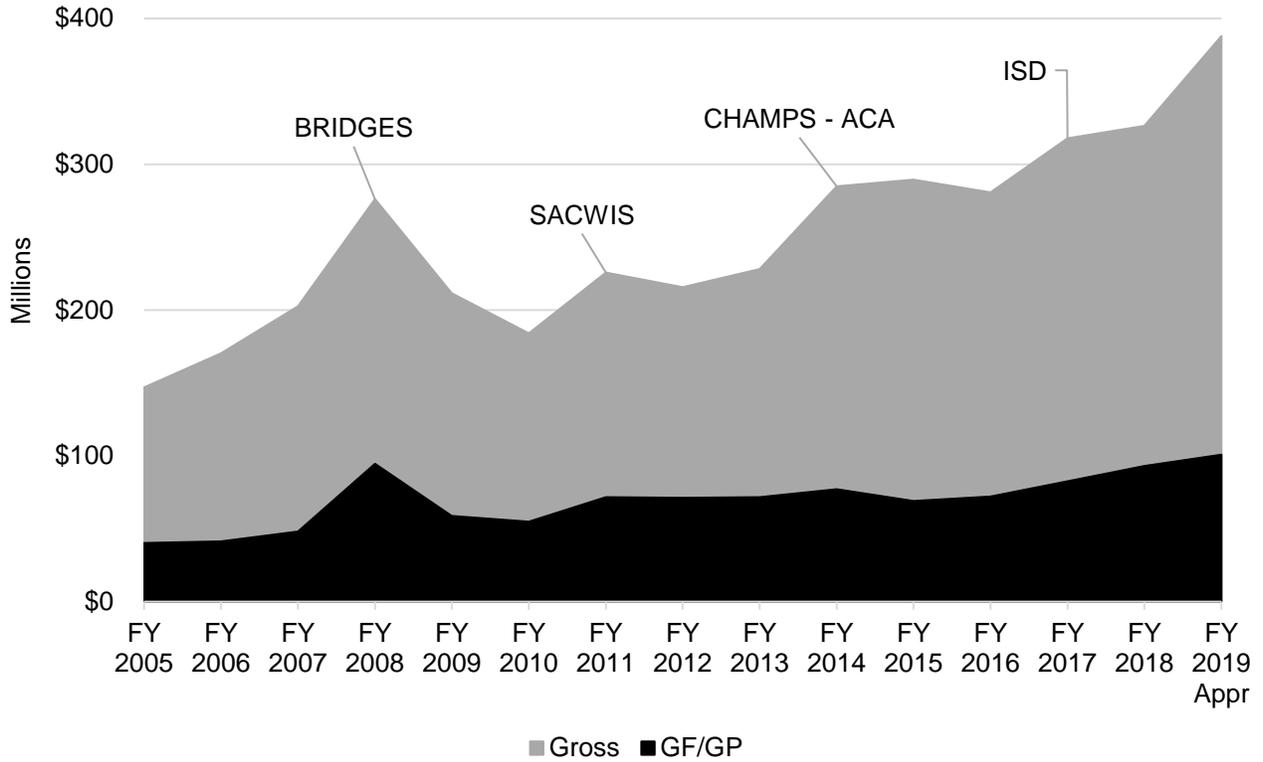
Additionally, the supplemental appropriations bill passed in December of 2018 included \$47.0 million Gross (\$11.8 million GF/GP) to support the ongoing, structural FY 2018-19 IT funding shortfall, as well as additional reporting requirements (see attachment).³

¹ See also the June 1, 2018, letter sent pursuant to 2007 PA 2, MCL 18.1371.

² LTR 2018-11.

³ 2018 PA 618.

Figure 1: DHHS Information Technology Expenditures



Information Technology Spending Report 1

(FY2019 Appropriation Act - Public Act 618 of 2018)

February 1, 2019

Sec. 468. (1) Beginning February 1, 2019 and monthly thereafter, the department of health and human services shall report to the senate and house appropriation subcommittees on health and human services, the senate and house fiscal agencies, and the state budget office on all of the following: (a) Fiscal year-to-date information technology spending for the fiscal year ending September 30, 2019 by service and project and by line item appropriation. (b) Planned information technology spending for the remainder of the fiscal year ending September 30, 2019 by service and project and by line item appropriation. (c) Total fiscal year-to-date information technology spending and planned spending for the fiscal year ending September 30, 2019 by service and project and by line item appropriation.

(2) As used in subsection (1), "project" means all of, but not limited to, the following major projects: (a) Community health automated Medicaid processing system (CHAMPS). (b) Bridges and MiBridges eligibility determination. (c) Michigan statewide automated child welfare information system (MiSACWIS). (d) Integrated service delivery.

(3) By April 30, 2019, the department of health and human services, in coordination with the department of technology, management, and budget, shall provide to the senate and house appropriation subcommittees on health and human services, the senate and house fiscal agencies, and the state budget office a 5-year strategic plan for information technology services and projects for the department of health and human services. The strategic plan shall identify any scheduled changes in the federal and state shares of costs related to information technology services and projects over the 5-year period.



FY2019 MDHHS IT Authorization - Actual and Projected Spend

January 2019

Project/Service	Appropriation Title	Posted Expenditures as of 01/31/19*		Projected Annual Spend as of 01/31/19**		FY19 Budget Authorization		Surplus/Deficit	
		Gross	GF	Gross	GF	Gross	GF	Gross	GF
Bridges									
11510	Departmental Administration and Management			\$4,770,573	\$2,623,815	\$4,770,573	\$2,623,815	\$0	\$0
16020	Information Technology services and projects	\$907,525	\$322,903	\$14,913,000	\$8,202,150	\$14,913,000	\$8,202,150	\$0	\$0
53000	Medical Services Administration			\$1,422,576	\$782,417	\$1,422,576	\$782,417	\$0	\$0
	Supplemental Information Technology services and projects			\$8,083,100	\$4,445,700	\$8,083,100	\$4,445,700	\$0	\$0
MiCSES									
16500	Child Support Automation	\$760,275	\$516,987	\$44,425,600	\$11,426,900	\$44,425,600	\$11,426,900	\$0	\$0
W1650016	Child Support Automation			\$3,747,204	\$1,274,050	\$3,747,204	\$1,274,050	\$0	\$0
W1650018	Child Support Automation			\$3,900,000	\$1,326,000	\$3,900,000	\$1,326,000	\$0	\$0
2018 Enc.	Child Support Automation			\$4,208,205	\$1,430,790	\$4,208,205	\$1,430,790	\$0	\$0
MISACWIS									
11510	Departmental Administration and Management			\$4,361,700	\$872,300	\$4,361,700	\$872,300	\$0	\$0
16020	Information Technology services and projects	\$171,574	\$30,883	\$18,133,800	\$3,368,400	\$18,133,800	\$3,368,400	\$0	\$0
	Supplemental Information Technology services and projects			\$5,879,000	\$1,175,800	\$5,879,000	\$1,175,800	\$0	\$0
CHAMPS									
11510	Departmental Administration and Management	\$1,498	\$749	\$1,000,000	\$500,000	\$1,000,000	\$500,000	\$0	\$0
16020	Information Technology services and projects			\$14,000,000	\$3,500,000	\$14,000,000	\$3,500,000	\$0	\$0
16400	Michigan Medicaid Information system	\$4,089,354	\$839,674	\$56,187,200	\$7,796,800	\$56,187,200	\$7,796,800	\$0	\$0
53000	Medical Services Administration	\$18,873	\$1,887	\$3,433,762	\$343,376	\$3,433,762	\$343,376	\$0	\$0
	Supplemental Information Technology services and projects			\$10,956,700	\$3,190,100	\$10,956,700	\$3,190,100	\$0	\$0
Section 298									
32050	Behavioral health program administration			\$2,280,000	\$228,000	\$2,280,000	\$228,000	\$0	\$0
Behavioral Health									
16020	Information Technology services and projects	\$1,832	\$1,832	\$869,071	\$869,071	\$869,071	\$869,071	\$0	\$0
33450	Caro Regional Mental Health Center			\$560,000	\$560,000	\$560,000	\$560,000	\$0	\$0
33650	Center for Forensic Psychiatry			\$571,000	\$571,000	\$571,000	\$571,000	\$0	\$0
46750	Hawthorn Center			\$570,000	\$0	\$570,000	\$0	\$0	\$0
50500	Kalamazoo Psychiatric Hospital			\$513,000	\$513,000	\$513,000	\$513,000	\$0	\$0
56300	Nursing home PAS/ARR-OBRA	\$30	\$8	\$580,000	\$145,000	\$580,000	\$145,000	\$0	\$0
69250	Walter Reuther Psychiatric Hospital			\$605,000	\$605,000	\$605,000	\$605,000	\$0	\$0
Population Health									
16020	Information Technology services and projects			\$3,915,324	\$857,536	\$3,915,324	\$857,536	\$0	\$0
HMP Administration									
47610	Health Michigan Plan Administration	\$30,726	\$7,067	\$26,378,987	\$6,192,200	\$26,378,987	\$6,192,200	\$0	\$0
Michigan Rehabilitation Services									
16020	Information Technology services and projects	\$7,737	\$0	\$7,891,000	\$7,891,000	\$7,891,000	\$7,891,000	\$0	\$0
Disability Determination Services									
39650	Disability Determination Operations	\$3,230	\$0	\$409,000	\$0	\$409,000	\$0	\$0	\$0
Electronic Health Records Incentive									
41150	Electronic Health Reconrd Incentive Program	\$79,931	\$7,993	\$11,223,000	\$1,122,300	\$11,223,000	\$1,122,300	\$0	\$0
	Supplemental Information Technology services and projects			\$8,005,600	\$2,001,400	\$8,005,600	\$2,001,400	\$0	\$0
Crime Victims									
16020	Information Technology services and projects			\$695,000	\$0	\$695,000	\$0	\$0	\$0
Data Warehouse									
16020	Information Technology services and projects			\$8,000,000	\$800,000	\$8,000,000	\$800,000	\$0	\$0
ISD									
11510	Departmental Administration and Management			\$1,770,573	\$973,815	\$1,770,573	\$973,815	\$0	\$0
67040	Technology supporting integrated service delivery	\$2,458,240	\$245,824	\$12,491,036	\$6,870,070	\$12,491,036	\$6,870,070	\$0	\$0
Technology Costs ¹									
16020	Information Technology services and projects	\$3,792,164	\$1,171,199	\$92,614,823	\$37,418,121	\$92,614,823	\$37,418,121	\$0	\$0
	Supplemental Information Technology services and projects			\$1,874,000	\$937,000	\$1,874,000	\$937,000	\$0	\$0

FY2019 MDHHS IT Authorization - Actual and Projected Spend

January 2019

Project/Service	Appropriation Title	Posted Expenditures as of 01/31/19*		Projected Annual Spend as of 01/31/19**		FY19 Budget Authorization		Surplus/Deficit	
		Gross	GF	Gross	GF	Gross	GF	Gross	GF
Adult Home Help									
30400	Adult Home Help Services	\$2,324	\$1,162	\$500,000	\$250,000	\$500,000	\$250,000	\$0	\$0
Office of the Inspector General									
53000	Medical Services Administration			\$194,357	\$97,179	\$194,357	\$97,179	\$0	\$0
Aging									
16020	Information Technology services and projects			\$432,582	\$432,582	\$432,582	\$432,582	\$0	\$0
HMPIII				\$13,515,700	\$1,559,400	\$13,515,700	\$1,559,400	\$0	\$0
State Pays First				\$300,000	\$150,000	\$300,000	\$150,000	\$0	\$0
Unlicensed Relatives (Glisson)				\$210,500	\$210,500	\$210,500	\$210,500	\$0	\$0
WebEBC				\$4,500,000	\$2,250,000	\$4,500,000	\$2,250,000	\$0	\$0
Total		\$12,325,312	\$3,148,169	\$400,891,973	\$125,762,771	\$400,891,973	\$125,762,771	\$0	\$0

* Expenditures are received/posted in various increments - annually, monthly, bi-monthly, etc. - and not distributed evenly over 12 months. Invoices received in the first quarter of FY19 are just now being posted as the priority was on closing the books for FY18. Additionally, the majority of the annual bills will not be received until Q4.

** The department is utilizing the tools it has to develop annual projected levels. These projections will be shared in future monthly reports, using more complete data that will be available. In addition, the department is completing its department-wide prioritization exercise which also inform future projections.

¹ Computers, DTMB administrative fees, monthly charges, telephones, SIGMA, etc.