

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5025 S SB	<b>Title:</b> DOC technology systems
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
Consolidated Technology Services	Fiscal note not available											
Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.											
<b>Total \$</b>	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Consolidated Technology Services	Fiscal note not available								
Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

Department of Corrections	Non-zero but indeterminate cost and/or savings. Please see discussion.
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5025 S SB	<b>Title:</b> DOC technology systems	<b>Agency:</b> 107-Washington State Health Care Authority
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Sarian Scott	Phone: 360-786-7729	Date: 02/27/2023
Agency Preparation: Samuel Schneider	Phone: 360-725-5710	Date: 03/03/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 03/03/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 03/03/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

See Attached Narrative.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

See attached narrative.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

See attached narrative.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# HCA Fiscal Note

Bill Number: SSB 5025

HCA Request #: 23-179

## **Part II: Narrative Explanation**

### **II. A - Brief Description Of What The Measure Does That Has Fiscal Impact**

SSB 5025 amends the original bill in section 1 by adding more requirements to the system update while keeping the same overall goal. These requirements include a mandate to complete the sentencing calculation module before any other, adding new goals for the new system, and requiring Department of Corrections (DOC) to work with the Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) to make a collaborative system. The substitute also adds a 2<sup>nd</sup> section which states that if specific funding for this bill is not given by June 30, 2023, in the omnibus appropriations act, this act is null and void.

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Senate Bill 5025 would require the DOC to replace the offender management network information system and replace it with a comprehensive Electronic Health Records (EHR) system that can interface with managed care organizations for care coordination activities.

### **II. B - Cash Receipts Impact**

None

### **II. C – Expenditures**

No fiscal impact.

The EHR system is still in the planning stage and DOC is a participant. It is expected that these requirements will have only a minimal impact on HCA's shared role in standing up and utilizing the EHR system.

## **Part IV: Capital Budget Impact**

None

## **Part V: New Rule Making Required**

None

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5025 S SB	<b>Title:</b> DOC technology systems	<b>Agency:</b> 310-Department of Corrections
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Capital Budget Impact:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Sarian Scott	Phone: 360-786-7729	Date: 02/27/2023
Agency Preparation: Jaysanna Wang	Phone: (360) 725-8428	Date: 03/03/2023
Agency Approval: Ronell Witt	Phone: (360) 725-8428	Date: 03/03/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 03/06/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The Substitute 5025 Senate Bill adds a new section to chapter 72.09 RCW and requires Department of Corrections (DOC) to replace the Offender Management Network Information (OMNI) system and implement a comprehensive Electronic Health Records (EHR) system.

Section 1(1) states DOC shall replace OMNI with a more efficient and technologically advanced system. It also states that DOC shall use a competitive request for proposal process to replace OMNI and leverage existing resources, development plans, and funding. The DOC is required to ensure a full and open competition for and complete a best value analysis for the technology system that best fits the needs of DOC. It requires the replacement system to:

- be capable of being continually updated,
- be agile, with software demonstration delivery at the end of two-week sprints,
- be able to deploy usable functionality within 180 days of funding provided, and
- use quantifiable deliverables that include live, accessible demonstrations at the end of each sprint or monthly.

Section 1(2) states DOC shall implement a comprehensive EHR system. It also states that the DOC must ensure the EHR system must:

- be able to communicate with information and data systems used by managed care organizations for purposes of care coordination activities,
- comply with the statewide EHR plan,
- coordinate with the Department of Social and Health Services (DSHS) and Health Care Authority (HCA),
- be able to communicate with information and data systems managed by care organizations
- be capable of being continually updated,
- be agile, with software demonstration delivery at the end of two-week sprints,
- be able to deploy usable functionality within 180 days of funding provided, and
- use quantifiable deliverables that include live, accessible demonstrations at the end of each sprint or monthly.

Section 1(3) states that DOC must work with the Office of Equity to implement the provisions of this act.

Section 2 says if specific funding related to this act, is not provided by June 30, 2023, this act is null and void.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The fiscal impact of this bill is indeterminate, assumed to be greater than \$50,000 per Fiscal Year (FY).

This bill requires the Department of Corrections (DOC) to:

- 1) Leverage existing resources to replace or modernize the Offender Management Network Information (OMNI) system, which includes the following:

- a) a feasibility study must be completed.
- b) the sequence of steps and schedule for the process must be identified.
- c) the business and technical requirements must be updated.
- d) a competitive request for proposal must be completed.

3) Conduct a feasibility study for replacing or modernizing the OMNI. DOC shall identify the sequence of steps and schedule for this process. DOC should update the business and technical requirements and use a competitive request for proposal to replace the OMNI system.

2) Implement a comprehensive Electronic Health Records (EHR) system that enables communication and can be utilized between managed care organizations, the Department of Health (DOH), and local jails for purposes of care coordination activities.

OMNI:

The DOC has been using existing resources, and legislatively provided resources, to assess, stabilize, and plan for the replacement of OMNI. In 2016, a comprehensive assessment was completed of the 53 functional areas of OMNI. Of the 53 areas, 23 were considered at critical risk. The work needed to rectify these 23 functional areas was divided into three phases:

- Phase 1: OMNI Stabilization where DOC would utilize outside resources to stabilize the functional areas of OMNI.
- Phase 2: Conduct a Feasibility Study detailing industry options for OMNI modernization or replacement.
- Phase 3: Modernize or replace, based on the Feasibility Study, with the best options.

Phases 1 and 2 have been completed, which we believe meets the requirement of Section 1(1)(b). Currently, the DOC is in Phase 3. The recommendation from the Feasibility Study was to replace OMNI using a modularized format, which allows for incremental replacement and improved integrity of subcomponents. The DOC leadership has determined a modularized replacement will provide the best outcome so that existing and future resources will be leveraged in a controlled manner and through quality assurance. Additionally, because the replacement system will be modularized, updates and failures will be isolated, and the integrity of the overarching system maintained.

The DOC submitted a fiscal year (FY) 2022 supplemental decision package (DP) to purchase a Sentencing Calculation Module. This module will allow DOC to no longer calculate sentence end dates for incarcerated individuals by hand. The software will also be adaptable to current and future state legislative and judicial sentencing requirements. For FY 2023, 11.9 FTEs and \$5,658,000 was requested and for FY 2024 and beyond, 4.9 FTEs and \$947,000 was requested. This DP was fully funded and is currently underway.

The DOC has also submitted a DP in the 23-25 Biennium for additional time and funding to complete the OMNI Sentencing Calculation Module. The result will be a system that can be audited and provide accurate earned release dates and sentence end dates. This project funds a commercial off-the-shelf software (COTS) solution for DOC's offender management sentencing calculation module and includes contractor and staffing costs associated with implementing the module. The request meets the recommendations and requirements of the Office of the Chief Information Officer (OCIO). This DP requested an additional 3.4 FTEs for FY24 and beyond; with a funding request of \$4,466,000 for FY 2024, \$1,317,000 for FY 2025, and \$1,025,000 each year forward for Maintenance & Operations.

The Feasibility Study completed in 2020, which detailed a cost benefit analysis of OMNI modernization (custom build), a commercial off the shelf (COTS) solution, and a COTS+ solution (combination). At that time, the 10-year costs for each of those assumptions were as follows:

- OMNI Modernization: \$118.6M-\$157.7M
- COTS: \$107.8M-\$117.6M
- COTS+: \$112.3M-\$122.7M

The DOC would assume an approximate additional 15% needed to account for inflation.



This project would also require dedicated WaTech staff to be billed to DOC. This would include:

- A dedicated oversight consultant (fully burdened annual cost = \$192,000).
- An additional dedicated enterprise architect to support system design and integrations, depending on the department’s specific plans for implementation (fully burdened annual cost = \$203,000).
- An additional project management partner resource to provide master level project management, or supplemental program advisory services, to steward the project (estimated annual contracted cost = \$250,000).

The fiscal impact of this bill is indeterminate, assumed to be greater than \$50,000.

**EHR:**

The DOC submitted a decision package during the 2019-21 budget to implement a comprehensive EHR system to track and help manage the medical, dental, mental health, and pharmacy services for incarcerated individuals. An EHR would mitigate the risk of chart errors, lack of timely information, and information security. This request was to prepare and purchase an EHR system over the course of four years. During the 2019-21 biennial session, DOC’s request included reviewing and updating necessary business requirements, complete the request for proposal process, and request funding to acquire the EHR during the 2021-23 biennium, and the EHR system would be acquired and implemented during the 2021-23 biennium. This ask was not funded.

Since that request, DOC completed a legislative proviso to submit a report to the legislature for feasibility and need based on a request for information for an EHR. This report was submitted in FY 2021. In the 2021-23 biennial session, DOC was funded for preliminary EHR work in the IT Pool to include procuring a vendor to research and write the business requirements for DOC, as well as develop and write the Request for Proposal (RFP) to find an EHR vendor to potentially be procured in the 2023-25 biennium. This funding also included preliminary IT project management and analytical staffin

The DOC has submitted another budget request for 2022 Legislative Session for additional funding to support the initial steps in procuring an EHR. This request is above the current funding DOC has already been allocated for this project. These resources would be for project administration, healthcare informatics, and additional project support of the EHR procurement process and potential implementation. The total request was for 1.4 FTE’s and \$81,000 in FY 2022 and 4.6 FTE’s and \$909,000 in FY 2023.

Functional Area -	Cost Estimate
Software -	\$4,000,000
Project Planning and Management -	\$1,453,000
Application Build/Configuration -	\$2,367,000
Testing -	\$165,000
Training -	\$2,070,000
Data Conversion -	\$6,184,000
Technical Infrastructure -	\$2,268,000
Technical Dress Rehearsal -	\$87,000
Go Live Support -	\$589,000
Post Go Live Stabilization and Maintenance -	-\$784,000
Total -	\$19,967,000

The DOC is currently working with contract vendors Moss Adams and their co-contractor, Ellit Groups, to assist with creation of business requirements for an EHR and the development of a request for proposal (RFP) for the selection of an EHR vendor that meets DOC’s business and technical requirements. However, to maintain a consistent timeline and to ensure that DOC has sufficient funding to move forward with this process in FY 2024, DOC is requesting “seed” money that will be reconciled and “trued up” in the next and most likely subsequent budget cycles.

Ellit Groups has provided DOC with a cost estimate for potential initial costs that DOC may incur after selection of an EHR vendor and during the implementation process. This estimate is based off their knowledge and expertise in EHR

implementation in other organizations.

As DOC has not submitted an RFP and is still in the preliminary steps of procuring an EHR, the full cost of purchasing and implementing an EHR system has not been determined. Therefore, the full fiscal impact of this bill as it relates to procurement of an EHR system is indeterminate, assumed to be greater than \$50,000.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

#### III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

#### III. D - Expenditures By Program (optional)

NONE

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

#### IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

#### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

Non-zero but indeterminate cost and/or savings. Please see discussion.

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

None.

### Part V: New Rule Making Required

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*