October 20, 2014

Project Review

Workers Compensation and Liability Claims Management Solution

For the

State of Vermont
Office of State Employee Workers' Compensation and Injury Prevention (WCP), Office of Risk Management (ORM), and Department of Information and Innovation

Submitted to the
State of Vermont, Office of the CIO
By

Strategic Technology Services

10/08/2014

Attachments:

1. FINAL-REVIEW-SOW-DII-ORM-WCP-ClaimsProjectReview-STS_Risk_Register.docx
2. NGHPUserGuideVer42Ch4TechnicalInformation.pdf (data reporting requirements of CMS for MMSEA Section 111 (Centers for Medicare/Medicaid Services Section 111 of the Medicare, Medicaid, and SCHIP (State Children's Health Insurance Program) Extension Act of 2007)
3. Vermont NRClaims BRD 20131216 v1 0.docx (DAVID Corp. version of Vermont Business Requirements)
4. State of Vermont Claims Management Requirements.docx (Questions sent for written Vendor responses)
5. State of Vermont Claims Management Requirements_VENTIV.docx (Ventiv responses to ORM questions)
6. State of Vermont Claims Management Requirements_DAVID.docx (DAVID responses to ORM questions)
7. URAC Accreditation Summary Report for Aon eSolutions.pdf (HIPAA Security (Business Associate & Covered Entity), Version 3.0)
8. ISO 27001-2005 Certification Packet.pdf (ISO/IEC 27001:2005 for the following scope: The Information Technology Management System that covers RIScloud hosted services in US and EU)

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EXECUTIVE SUMMARY

1. The incumbent solution, iVOS by Ventiv, meets all of ORM functional requirements.
2. The "new" solution, NavRisk by DAVID Corp., has some functionality deficiencies described further in this report, not the least of which necessitates a 3rd party Document Management solution to be integrated into the core solution.
3. The 5 year go-forward cost difference between the two solutions is small: $680K for iVOS and $900K for NavRisk.
4. Both solutions require additional resources allocated to complete the data interfaces between the Claims Management solution and external systems in order to make Claims Management most effective.
5. Senior Business Leadership, Technical Leadership, and Subject Matter Leadership are needed to complete solution implementation for either product.
6. Risks identified in the Risk Register should be mitigated before proceeding with either solution.

NEXT STEPS COMING OUT OF PRESENTATION ON 10/13/2014:

1. ORM to Form Project Team with input from DII
2. ORM to cancel DAVID Corp Contract, after ensuring proper legal steps are taken
3. ORM Project Team to develop short term Ventiv contract (perhaps extend current contract) while SOWs are defined and future contract terms are negotiated
4. ORM Project Team to identify the desired outcomes of the various Interfaces and develop list to include in the contract deliverables
    a. Team also conduct business process reengineering as part of this step – This may be done with Ventiv assistance
5. Project team to identify software upgrade Scope of Work
6. Project team to recommend order of Scope of Work action items (Interfaces, Software Upgrade)
7. ORM Project team to develop longer term contract extension for software maintenance and support with Ventiv
    a. Project team to include Interface Scope of Work, Software Upgrade Scope of Work, and Business Process Reengineering Scope of Work in contract
8. ORM then to carry out the Scopes of Work once contract(s) is/are signed

SCOPE OF WORK – WORKERS' COMPENSATION AND LIABILITY CLAIMS SOFTWARE SELECTION AND IMPLEMENTATION

State of Vermont self-insures and self-administers its liability and workers' compensation insurance programs. Claims are currently processed in-house using Aon e-Solution's iVOS software package which is a browser-based WAN (hosted) system hosted by Aon. The current software allows for paperless claims adjudication (General & Automobile Liability and Workers' Compensation), incident reporting, medical case management, ad-hoc reporting, system-generated correspondence and forms, medical bill re-pricing, integrated document imaging, and payment processing.

The mission of the Office of State Employee Workers' Compensation and Injury Prevention is to manage the State's workers' compensation claims in a fair, timely, and accurate manner and to promote safe work environments and prevent work-related injuries and illnesses through training and on-site consultation. The mission of the Office of Risk Management (ORM) is to protect the assets of the State, human, financial, and material through a program that employs self-insurance, commercial insurance, and retention of risk. A staff of 3 process Liability Claims (400/year split evenly between Auto and General) and a staff of 10 process Workers' Compensation claims (750 claims and 250 incident only reports per year). The historical data volume is approximately 23,000 WC claims or incidents, 4,500 AL claims, and 5,100 GL claims in the current database.

It is anticipated that WCP pay $8 million in claims per year on average, including the cost of paying injured employees who cannot work. Payments to injured workers average approximately $1.4 million. Claims involving medical care and lost work have declined slightly in recent years, but "incident only" reports, which are not workers' compensation claims, have increased significantly due to better reporting procedures. Almost three-quarters of all incidents that happened in FY 2008-2012 occurred in six organizations (listed from the most to the least): the Agency of Transportation, Department of Corrections, Department of Public Safety, Vermont State Hospital, Department of Buildings and General Services, and the Vermont Veterans' Home [1]

The State has utilized Aon's iVOS for all aspects of workers' compensation and liability claims management since 2009 but a combination of the following two factors led ORM to seek to replace the iVOS system:

1. The system was deemed to have limitations and issues, leading the State to seek replacing the iVOS system. These items have been included and assessed in the Gap analysis.
2. Office of Purchasing & Contracting indicated to ORM that they could no longer "sole source" the annual maintenance with iVOS vendor AON, and must go out to bid, given the fact that the original contract term had expired.

[1] *WORKERS' COMPENSATION PROGRAM Workplace Safety Activities Not Consistently Performed and Recommendations Not Always Implemented* (Vermont State Auditor Report, July 22, 2013).

Office of Purchasing & Contracting on behalf of the Office of State Employee Workers' Compensation and Injury Prevention issued an RFP for Workers' Compensation and Liability Claims Management Solution on 3/29/2013. The RFP was posted on BGS site, and an email was also sent to the following companies directing them to the BGS posting:

AIG	Aon	ATS Risk Management Systems	Blackburn Group, Inc.
Clear Data Strategies	Computer Risk Management	Computer Sciences Corp	Crawford
CS Stars	CSC Riskmaster	DAVID Corp	Delphi Technology
EBIX	Emerson Software Solutions	FINEOS Corp	Global, Inc
Inform Applications	Inform Applications	Innovation Group	JDI Data
JW Software, Inc	MicroNiche, Inc	MountainView Software	OCI
OrigamiRisk	Plexis Healthcare Systems	Pyramid Squared	Qiss Premium Software Services
Recordables	Riskonnect	RSG	RTI
SPI Software Solutions	Startech Software	StrataCare	Systema Software
The SSI Group	Tropics	United Systems & Software, Inc	Vertafore
Visual Risk Solutions	WLT Software		

Eight proposals were received are reviewed (those highlighted in yellow above, plus one by TATA America) by a committee comprised of Lisa DeForge (Workers' Compensation and Workplace Safety Manager), Bruce Chenail (WC Administrator), Mary Lacaillade (Senior Medical Case Manager), and Kristie Farnham (Senior Claims Adjuster). Bill Duchac (Risk Management Manager) and Wayne Berge (Workplace Safety Coordinator) were also given the opportunity to review the proposals and provide comments or recommendations based on the features that impact their particular lines of business.

The following vendors were identified as finalists by receiving the highest TOTAL score among the 4 committee members (shows the frequency of placement in the 1-8 ranking):

1. JDI Data (jdidata.com) (1 2nd, 1 3rd, 1 5th, 1 7th)
2. DAVID Corp. (davidcorp.com) (2 1st, 2 2nd)
3. RISKONNECT (riskonnect.com) (1 2nd, 1 3rd, 1 5th, 1 7th)
4. JW Software (jwsoftware.com) (1 1st, 1 3rd, 2 4th)

An interesting observation: While the 4 listed above received the highest total *combined* score among the scorers, the scoring *distribution* showed the following:

1. Both DAVID Corp. and JW Software were in all scorers top 4.
2. 4 other software products received 2 placements in the top 4 scores:
    a. JDI, Riskonnect, Systema, and CSC
    b. However, JDI and Riskonnect made the finalist list, and System and CSC were not considered as finalists even though they achieved as many top 4 votes as the other 2
3. That leaves Origami and TATA as not receiving any top 4 votes
4. Only JDI and DAVID Corp. were thought to have "turn-key" or one-system/fully integrated solutions.

NOTE: We now know that DAVID Corp.'s core document management functionality is lacking, highlighted by the fact that it was discovered early during NavRisk implementation that Hyland OnBase is needed to support required Document Management functionality.

A contract was signed with DAVID Corp. on 11/1/2013 to use their Claims Management software in a hosted environment for 5 years at a cost of $600K.

SCOPE OF WORK – CLAIMS PROJECT REVIEW (this document)

The Scope of the project that this **Assessment Report** and related attached documents serve is described as follows:

"Perform a review and analysis of the Agency of Administration's Workers' Compensation and Liability Claims Management Solution project currently underway, specifically, implementation of the DAVID Corporation's NavRisk Claims solution.

The review and analysis will culminate with an **Assessment Report** for the project sponsors and the State's Chief Information Officer, and will include an evaluation of the overall project health, and the functional team's general readiness for the Project where the work involves moving from a current provider to a new provider. It should cover these areas:

- Technical Architecture
- Implementation Plan Review
- Cost Benefit Analysis
- Risk Assessment
- Gap Analysis between current project requirements and current systems (the current system – Aon's *iVos* and DAVID Corp.'s *NavRisk*)
- Document Security Requirements that also includes a gap analysis between these Security Requirements to both systems (old system & new system)

The key components of the assessment (*Technical Architecture, Implementation Plan Review, Cost Benefit Analysis, Risk Assessment, Gap Analysis, and Security Requirement Assessment*) follow this section.

The remainder of this section provides a summary of the two software solutions:

1. The incumbent solution, iVOS by Aon eSolutions (Aon eSolutions now called Ventiv owned by Symphony Technology Group).
2. The selected ("new") solution, NavRisk by DAVID Corp.

iVOS SOLUTION SUMMARY (Quick Facts)

1. AON iVOS Risk Management software V4.4.1.04 (current version is 4.4.26 is the latest version in the 4.4 stream; 4.5.04 is in general release) installed in 2008 at a 5 year anticipated cost of $1.2M ($500K in year 1, $100K annually, plus $229K of other variable costs)
    a. 1 iVOS Claims Administration System Enterprise Edition
    b. 1 Medical Bill Re-Pricing Software
    c. 1 Interface with Vermont Human Resources System
    d. 1 Document Imaging Module
    e. 1 VOS Express Module (Email Express and Correspondence Express)
    f. 1 ISO Claim Search Module
    g. 1 Laser Check Printing Module
    h. 1 Positive Pay Bank Interface Module
    i. 1 Incident Reporting Module
    j. 1 Reserve Analysis Module
    k. Amendment 1 added AP Interface and deleted Positive Pay and Check Printing
    l. Amendment 1 also added check printing service, which Aon no longer does
2. Annual Costs:
    a. Hosting: $62,100
    b. Annual Software Support/Maintenance/Updates: ~$58K
3. Technology Architecture:
    a. The VOS' solution is based on J2EE (Java 2 Enterprise Edition) 1.6
    b. The database server is Oracle
    c. The application server is J2SE 5.0 on IBM WebSphere 6.1 or later or Apache Tomcat 6.035.x and 7.0
    d. OS is Windows 2003 Enterprise, Windows 2008 Enterprise, or Red Hat Linus
4. Implementation Risk:
    a. See original Risk Matrix in Appendix A to assess how accurate *that* Risk assessment was at the time of the original project compared to present day lessons learned.
5. Primary site is hosted in Aon Data center outside of Atlanta (ISO-accredited and URAC-accredited (URAC, formerly known as the Utilization Review Accreditation Commission, is a nonprofit organization promoting healthcare quality by accrediting healthcare organizations)); Replicated site in Oakland, CA (active-passive); Another data center in Dublin, Ireland (used only in the event of a disaster of one of the other two sites)
6. On 9/5/2014, Aon sold their eSolutions Group to Symphony Technology Group, a private equity firm (http://www.symphonytg.com/) for an undisclosed amount.
    a. From the press release: STG has acquired Aon eSolutions, a global leader in risk, claims and safety software, services and solutions, from Aon Risk Solutions, the global risk management business of Aon plc (NYSE: AON). The acquired company will be renamed Ventiv Technology and will be an independent portfolio company of Symphony Technology Group
    b. Ventiv Technology is considered a separate company reporting up to Symphony Technology Group, retaining the 300 people, data centers, and intellectual property
    c. STG's mission: STG is a strategic private equity firm focused on transforming high-potential companies into definitive market leaders, through a combination of capital and hands-on operational expertise. The current management team includes founder and well-known entrepreneur Romesh Wadhwani, who was founder and CEO of Aspect Development, which was acquired for more than $9 billion by i2 Technologies in 1999.
7. **5 year costs going forward: $680K**

iVOS	Annual Costs	One Time Costs
Annual Costs		
Hosting	$62,100	
Software Maintenance	$58,000	
One Time Costs		
Services		
Initial Setup (estimated)		$40,000
Additional modules/interfaces (estimated) -AP Interface -CMS Interface -ISO Interface -ODG Interface		$40,000
Annual Costs	**$120,100**	
One Time Costs	**$80,000**	
Year 1 Costs	**$200,100**	
5 Year Costs	**$680,500**	

NavRisk PROJECT SUMMARY (Quick Facts)

PROJECT SUMMARY:

1. NavRisk V5.7.2 Claims (underwriting) and NavRisk Central (portal for claims status lookup) Software as a Service (SaaS) with support 7am – 6pm PDT;
2. Implementation to be completed not later than 5/1/2014 (amended to 9/5/2014 in April, 2014);
3. Application Hosting by Rackspace of Production and Test environments, including software upgrades;
4. Used by Office of State Employee Workers' Compensation (WCP) and Injury Prevention (WCP) for Workers' Compensation Claim adjudication and State Office of Risk Management (ORM) for general liability and auto liability claim adjudication;
5. Services include Project Management and related Status Reporting, Requirements Definition, Training, Business, Functional and Reports Requirements Definition, and Data migration from iVOS system;
6. Fees to DAVID Corp. of $600K for the time period 11/1/2013 – 10/31/2018, consisting of:
    a. Annual: Software as a Service (includes software licensing for NavRisk Claims, NavRisk Central, and certain optional modules, software maintenance and support, and includes hosting): $93,000 ($465K over 5 years)
    b. One time: Implementation Services: $122,700
7. Additional costs identified after project commenced, including software and services to implement Hyland OnBase Document Management:
    a. Annual: Software as a Service (Hyland OnBase software maintenance and support, and hosting): $31,950 (~$160K over 5 years)
    b. One time: Software license and software Implementation Services: $157K
8. NavRisk Payment Schedule:
    a. Immediate: Set up fee
    b. 30 days from each milestone
    c. Hosting fee annually in arrears
9. **5 year costs going forward to DAVID Corp and Hyland: ~$900K**

NavRisk BUDGET

1. $600K to David Corp. (Other fees not budgeted as part of original project):

DAVID Corp.					**Annual Costs**	**One Time Costs**
Annual Costs		Qty	Price	Total		
Software	NavRisk Claims	12	$4,750	$57,000	$57,000	
	NavRisk Central	12	$1,500	$18,000	$18,000	
	Optional Modules	12	$1,500	$18,000	$18,000	
One Time Costs						
Services	Initial Setup	1	$15,500	$15,500		$15,500
	Phase 1 Project Planning	1	$20,000	$20,000		$20,000
	Phase 2 Project Execution	1	$41,000	$41,000		$41,000
	Phase 3 Testing	1	$20,000	$20,000		$20,000
	Phase 4 Training - End User	1	$8,000	$8,000		$8,000
	Phase 4 Training - Admin	1	$3,200	$3,200		$3,200
	Phase 5 Project Acceptance	1	$15,000	$15,000		$15,000
Subtotal: DAVID Corp				**$587,700**		
Other Costs						
Annual Costs						
	Hyland OnBase Hosting	12	$1,635	$19,625	$19,625	
	Hyland OnBase Maintenance	1	$12,325	$12,325	$12,325	
	Staffing (define need for this person)	0	$65,000	$65,000	$0	
One Time Costs						
	Hyland Services	1	$41,635	$41,635		$41,635
	Hyland OnBase License; 2 concurrent, 13 named	1	$61,626	$61,626		$61,626
	AON Data Requistion Cost	1	$43,170	$43,170		$43,170
	DII Oversight PM	1	$10,387	$10,387		$10,387
Subtotal: Other				**$641,571**		
TOTAL 5 Year Costs				**$1,229,271**		
Annual Costs					**$124,950**	
Annual Costs Summed Over 5 Years					$624,752	
Plus One Time Costs					$279,518	
Total 5 Year Costs					**$904,260**	

*Paid to DAVID Corp. as of 8/20/2014

TECHNICAL ARCHITECTURE

1. **State's IT Strategic Plan:** Describe how the proposed solution aligns with the State's IT Strategic Plan (http://dii.vermont.gov/sites/dii/files/pdfs/DII-Strategic-Plan-FY2014-2019.pdf).
    a. The State's 2014-2019 IT Strategic Plan contains 5 major goals and uses 6 key principles in designing and prioritizing work.
        i. 5 Major Goals:
            1. to modernize critical technologies
            2. to ensure sustainability of the state's information services
            3. to operate IT effectively and efficiently
            4. to use IT to improve the productivity of all state services
            5. Create new solutions partnering with State Agencies
        ii. 6 Key Principles:
            1. Leverage successes of others, learning best practices from outside Vermont.
            2. Leverage shared services and cloud-based IT, taking advantage of IT economies of scale.
            3. Adapt the Vermont workforce to the evolving needs of state government.
            4. Leverage modern IT delivery frameworks and enterprise architectures.
            5. Couple IT with business process optimization, to improve overall productivity and customer service, not just IT itself.
            6. Optimize IT investments via Enterprise Architecture and Project Management methodologies.
    b. The following describes how this project exploits these principles:
        i. Leverage successes of others, learning best practices from outside Vermont.
            1. *Both solutions are in use by many other organizations and best practices have been developed that ORM can adopt.*
        ii. Leverage shared services and cloud-based IT, taking advantage of IT economies of scale.
            1. *Both solutions runs on commercial data centers (iVOS on their own datacenter, NavRisk on Rackspace hosted infrastructure.)*
        iii. Adapt the Vermont workforce to the evolving needs of state government.
            1. *Both solutions support the business functions required of ORM.*
        iv. Leverage modern IT delivery frameworks and enterprise architectures.
            1. *The platform upon which both solutions are built are modern IT framework and enterprise-class architecture. See the chart below.*
        v. Couple technology with business process optimization, to improve overall productivity and customer service, not just IT itself.
            1. *ORM does not have an IT function, so this is not applicable.*
        vi. Optimize IT investments via Enterprise Architecture and Project Management methodologies.
            1. *EA is not applicable here, but Project Management methodologies are, and the Project Management methodologies proposed by both vendors*

are strong proven. What is missing is similar PM protocol practiced by ORM.

2. **Service Level(s):** What is the desired service level for the proposed solution and is the technical architecture appropriate to meet it?
    a. DAVID Corp. commits to 99.99% system availability during business hours (7am-7pm PST) and the technical architecture supports it through their disaster recovery and backup schemes. This is outlined in a document titled "*Hosted Services Manual 2013.pdf*", but in summary, DAVID Corp. has redundant power, cooling, telecom, networking, application domains, primary and secondary sites, and RTO of 12 hours, and an RPO of the last backup (which is daily).
    b. VENTIV commits to 99% system availability and the technical environment appears to support this.

3. **Sustainability:** Comment on the sustainability of the solution's technical architecture (i.e., is it sustainable?).
    a. Both vendors' technical architecture is sustainable, given the underlying technology used and given the respective hosting platforms.

4. **License Model:** What is the license model (e.g., perpetual license, etc.)?
    a. DAVID Corp: SaaS license model
    b. Ventiv: Two parts: Enterprise single site license and per user license model

5. **Security:** Does the proposed solution have the appropriate level of security for the proposed activity it will perform (including any applicable State or Federal standards)? Please describe.
    a. **Application Security**: See the Security Assessment section below. In summary, both solutions provide the desired level of user access rights required by ORM.

    b. **Physical Security**: Both solutions are in secure data centers. Per the auditor's report, user access to the application from home computers should be reviewed.

    c. **Network Security**: Both solutions use hardware firewalls to protect networks from intrusion in the data centers. Both vendors conduct network vulnerability assessments.

    d. **Data Security:** Both solutions encrypt data both during transmission and at rest. For transmission, https protocol is used. However, while Ventiv encrypts ALL data, DAVID only encrypts certain personal information.

6. **Disaster Recovery:** What is your assessment of the proposed solution's disaster recovery plan; do you think it is adequate? How might it be improved? Are there specific actions that you would recommend to improve the plan?
    a. DAVID Corp's DR plan is outlined in a document titled "*Hosted Services Manual 2013.pdf*", but in summary, there is redundant power, cooling, telecom, networking, application domains, primary and secondary sites, and RTO of 12 hours, and an RPO of the last backup (which is daily), at a Rackspace primary and secondary data center. This plan is adequate.

b. Ventiv DR plan appears adequate: The Data Center is in a geographically stable, low-disaster location near Atlanta, GA. To ensure system availability in the event of component failure, the Ventiv Data Center has been designed with redundancy at all levels:
    a. Redundant and diverse bandwidth carriers for ISP connectivity
    b. Multiple physical points of entry for fiber inputs
    c. Redundant firewalls and network components (routers, switches, etc.)
    d. Redundant hardware for mission-critical systems and services equipment
    e. Redundant core components (including power, cooling, and backup UPS systems)

    The multiple web servers, application servers and database servers work in parallel, but can also service the load in the event of a failure of any component. The redundancy within the server infrastructure is capable of withstanding multiple concurrent failures.

7. **Data Retention:** Describe the relevant data retention needs and how they will be satisfied for or by the proposed solution.
    a. DAVID Corp: Monthly backups of client data are archived for 3-month periods. Weekly backups are stored for 1-month periods and Daily backups are available for 5-day periods. This is adequate.
    b. Ventiv has near real time replication, daily backups. Retention of these backups is unknown.

8. **Service Level Agreement:** What is your assessment of the service level agreement provisions that the proposed vendor will provide? Are they appropriate and adequate in your judgment?
    a. DAVID Corp:
        i. System Availability: 99.99%
        ii. Help Desk support: Monday - Friday every week from 7 A.M. – 6 P.M. Pacific Daylight Time (PDT). DAVID Technical Support provides support for the hosted servers, network monitoring, trouble ticket resolution and fault isolation.
    b. Ventiv:
        i. System Availability: 99%
        ii. We will be happy to provide more details on our service levels as we progress through the RFP process.

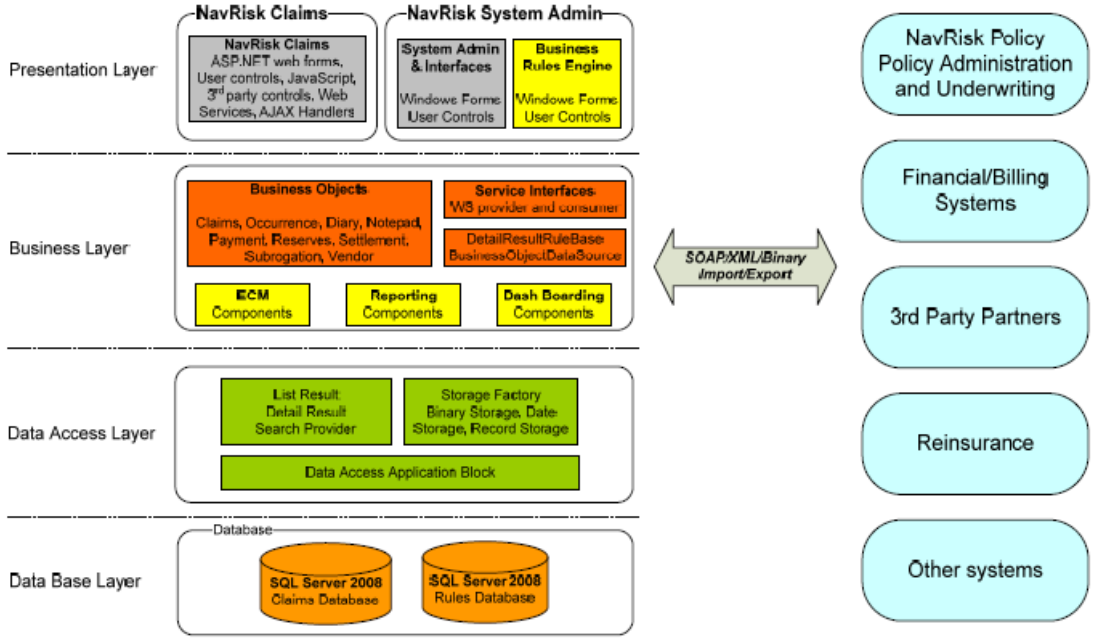
9. **System Integration:** Is the data export reporting capability of the proposed solution consumable by the State? What data is exchanged and what systems will the solution integrate/interface with*?*
    a. Both solutions appear capable of meeting the stated interface needs, but this work still needs to be done to definitively say it can be done. Some of these interfaces were NOT done during the iVOS implementation. It is believed that this is due more to lack of ORM time/capability than vendor capability. Both vendors can consume and produce XLS/CSV, TXT, and XML files.

ADDITIONAL TECHNICAL ARCHITECTURE INFORMATION

The information below is gleaned from vendor materials and from information requested from the vendors in advance of the software demos, and which is part of the Gap Analysis.

	AON iVOS (incumbent) **iVOS software package (Release 4.4.1.04)**	**DAVID CORP. NavRisk Claims and NavRisk Central V5.7.2**
Client Requirements	Current browser	Current browser
Server Requirements – Application	Based on J2EE (Java 2 Enterprise Edition) 1.6 The application server is J2SE 5.0 on IBM WebSphere 6.1 or later or Apache Tomcat 6.035.x and 7.0 OS is Windows 2003 Enterprise, Windows 2008 Enterprise, or Red Hat Linus	Windows 2008 or higher Operating System Hosted environment by Rackspace (please describe the infrastructure (VMWare, single tenant, multi tenant, or traditional individual servers))
Server Requirements – Database	OS is Windows 2003 Enterprise, Windows 2008 Enterprise, or Red Hat Linus	Windows 2008 or higher Operating System
Server Requirements – Other (i.e. Web, Reporting, etc.)	OS is Windows 2003 Enterprise, Windows 2008 Enterprise, or Red Hat Linus	Microsoft IIS 7 or Higher; Communications between the front-end and web services are accomplished via JSON over HTTP(s)
DBMS	Oracle	Microsoft SQL Server 2008
Development Tool Set	Java 2E	.NET technology

DAVID Corp.'s Technology Stack:



IMPLEMENTATION PLAN REVIEW

1. The reality of the implementation timetable
    a. DAVID CORP: The original project plan was for 6 months. During the project, it was extended to 10 months to include Document Management. The timeline seems reasonable. ORM's ability to meet that schedule is a question.
    b. Ventiv: The original project ran out of steam, and did not complete all interfaces. Should Ventiv be selected, the first order of business is to clearly define scope and schedule.

2. Training of users in preparation for the implementation
    a. Both vendors proposed adequate training through a combination of train the trainers, documentation, and on-line help.

3. Readiness of impacted divisions/ departments to participate in this solution/project
    a. Give the project history of ORM implementing iVOS, we are not confident the ORM team can undertake a project of this level of complexity and scope.

4. Adequacy of design, conversion, and implementation plans
    a. The Design, Implementation and Data Conversion plans of both vendors are proven and adequate.
    b. The **Business Requirements Document** developed by DAVID CORP is summarized below.
        i. Team Members and Roles
        ii. Communication Plan
        iii. Assumptions/Dependencies
        iv. Scope, including:
            1. Project Work Breakdown Structure (WBS)
            2. Deliverables
            3. Customization
            4. Scope Verification and Acceptance processing, including:
                a. Deliverable Review Process
                b. Deliverable Acceptance Criteria
                c. Solution Delivery Acceptance
        v. Change Control Process
        vi. Business Requirements themselves, including:
            1. Scope
            2. Lines of Business/Coverages
            3. Optional Modules
            4. Standard Reports and Forms
            5. Customization, including:
                a. Financial Import to Oracle / PeopleSoft Interface
                b. Claims / Financial Export to PeopleSoft
                c. Oracle / PeopleSoft Human Capital Management System Interface
                d. Bank Reconciliation / Positive Pay
                e. Medical Bill Review
                f. Pharmacy Discount Program Vendor Interface
                g. Mandatory Medical Reporting (MMR) Interface with CMS
                h. EDI Interface (FROI, SROI)
                i. ISO Interface
                j. PERI Data Exchange Interface
        a. Other Items

b. Out of Scope Items
c. Visual Depiction of the Claims Data Relationships and description of Claims and Policy relationship, field requirements, and field data types
d. As-Is Business Process
e. Data Conversion Process, including:
    1. Conversion Rules
    2. Data Source Definition
    3. Data Scrubbing
    4. Trial Conversion
    5. Final Conversion

5. Adequacy of support for conversion/implementation activities
    a. Support for conversion/implementation of both vendors appears sound.

6. Adequacy of agency and partner staff resources to provide management of the project and related contracts (i.e. vendor management capabilities)
    a. Both vendors have strong Project Management capabilities.
    b. ORM has limited experience in managing projects of this scope.
    c. ORM has lacked senior leadership time being allocated to this project.

7. Adequacy of testing plan/approach
    a. The project plan has adequate time allocated to testing, and both vendors have significant experience with their solution.

8. General acceptance/readiness of staff
    a. It is not clear whether ORM has accepted and is ready to fully implement either iVOS or NavRisk.

ADDITIONAL IMPLEMENTATION INFORMATION

DAVID Corp. NavRisk Claims and NavRisk Central V5.7.2

DELIVERABLES

1. Application Hosting by Rackspace
    a. RPO = 2 hours
    b. RTO = 12 hours
    c. Adherence to DII DR Plan
2. Project Management and related Status Reporting
3. Business, Functional and Reports Requirements Definition
4. Training
5. Software Upgrades, Hosting, and Solution Implementation in hosted environment
6. Production and Test Environments
7. Data migration from iVOS system

APPROACH (7 phases)

1. Initiation
2. Business Needs Assessment and Application Design
3. Software Customization and Testing
4. Data Conversion
5. Acceptance Testing/End User Training
6. Deployment and Close Out
7. Warranty Period/Transition to Maintenance and Support

TIMELINE

1. Original target completion of 5/1/2014

LEADERSHIP

1. Project Executive Sponsor: Paul Rousseau, CFO - AOA, State of Vermont
2. Project Sponsor: Lisa DeForge, Bill Duchac
3. Project Director: Bill Duchac

BUSINESS, FUNCTIONAL, and REPORTING REQUIREMENTS

1. Key deliverable of DAVID Corp scope of work, and key driver for how software is to be configured for ORM usage.
2. V1.0 of Business Requirements defined.
3. V0.5 of Functional Requirements defined.
4. Reporting Requirements NOT YET defined.

IMPLEMENTATION PLAN ASSESSMENT

1. DAVID Corp.'s implementation plan approach appears to be sound.
2. The **Project Management Approach** outlined above appears sound, and has already been put into practice, as the first primary deliverable from their effort speaks to this (**Business Requirements Document** referenced in Attachment 3).
3. The entire team, including the Vermont team, as outlined in the ***Team Members and Roles*** chart below adequately addresses the suggested staffing requirements of a typical DAVID Corp. implementation, both in terms of required Skill Set as well as FTE/resource allocation. However, both the required skill set and FTE allocation need to be revisited and confirmed going forward.
4. The NavRisk implementation team utilized good project management methodologies, including document version control, communication control, change management, and project status updates.
5. In summary:
    a. The NavRisk Implementation Plan and the work carried out to date appear to be on track and follow original plan and schedule.
    b. The core issues that raised concern about proceeding with the NavRisk project are outlined below, and fall under the **Gap Analysis** section. None of these concerns are related to Implementation Plan shortcomings:
        i. Ease of Use: The ease of use concern is a function of the number of steps required to perform tasks, as NavRisk tasks are deemed to be more laborious than equivalent tasks in iVOS. There is less familiarity with NavRisk than iVOS, so of course, equivalent tasks will take longer, at least in the short run. Additional time on the system as well as additional training *may* address this.
        ii. The document management features are limited, necessitating an external solution, namely, Hyland OnBase.
        iii. There is no "DATE CLAIM ACCEPTED" field in NavRisk. There is a "DATE CLAIM REJECTED" field, but no date to record when a claim was accepted.
    c. The biggest Implementation Plan issue is defining the Vermont team roles and responsibilities going forward, regardless of which solution is selected. Specific needs include Project Sponsorship, Project Oversight to include budget and functional decision-making authority, Project Management, and Subject Matter expertise. Additionally, allocating the necessary time for these resources to adequately participate is critical.

NavRisk implementation Team Members and Roles, per DAVID Corp. Business Requirements Definition document:

Name	Company / Title	Phone/Email	Project Role (s)	Project Responsibilities
Bill Duchac	State of Vermont	(802) 828-4671 Bill.duchac@state.vt.us	Project Executive	Provides decision making for project funding issues Works with the DAVID Project Executive to address escalated scope issues and risk concerns
Lissette Hetterly	DAVID, VP Client Services	(415) 743-3812 lhetterly@davidcorp.com	Project Sponsor(s)	Provides project oversight for DAVID Assists in issue and risk resolution Reviews and participates in decision making for change requests Works with the Project Managers to clarify scope questions
Barbara Cormier	State of Vermont	(802) 828-1141 barbara.cormier@state.vt.us	Oversight Project Manager	Provides project oversight and governance for the client Assists in issue and risk resolution Reviews and participates in decision making for change requests Ensures project is adequately staffed. Communicates project vision/objectives/timelines to staff. Ensures client responsibilities are met.
Susan Lee	DAVID, PM	(415) 743-3806 slee@davidcorp.com	Project Manager, Claims	Provides overall management of project activities including schedule, scope, issues, risks, and change requests Develops and manages the implementation schedule to support agreed upon dates Works with client PM to facilitate project communication and logistics - including kickoff meeting and requirement sessions
Lissette Hetterly	DAVID, VP Client Services	(415) 743-3812 lhetterly@davidcorp.com	Business Analyst, Claims	Gathers, analyzes and documents requirements Works with Development Lead to clarify requirement specifications for application design and build Assists with coordination of system and regression testing activities
Lisa DeForge	State of Vermont	(802) 595-9096 Lisa.deforge@state.vt.us	Project Manager, Claims	Works with DAVID PM as primary point of contact to support project activities are completed within agreed timeframes Responsible for ensuring client deliverables are complete and timely. Communicate objectives and project changes to team members Resolve assigned issues, risks and action items and escalates internally as needed Assemble knowledgeable client resources and support availability to participate in scheduled project activities, including requirements gathering/ review/ approval, solution pre-install, and testing Coordinates onsite visits with DAVID PM and training activities
Rod Kelman	DAVID, Sr. Software Developer	(415) 743-3822 rkelman@davidcorp.com	Development / Data Conversion Lead, Claims	Works with DAVID BA/PM and client SMEs to understand requirements Configures and customizes NavRisk user interfaces, data management and business rules Works with client SMEs and Technical Lead to resolve development issues during testing Works with client SMEs to convert and migrate data into NavRisk solution
Lisa DeForge	State of Vermont	(802) 595-9096 Lisa.deforge@state.vt.us	Technical Lead	Contact for setup of client environment and technical issues related to the NavRisk solution Coordinate import/export requirements with external applications/systems Provides source data for migration

Name	Company / Title	Phone/Email	Project Role (s)	Project Responsibilities
Rama Tatavarthy	DAVID, Senior QA Analyst	(415) 743-3802 rtatavarthy@davidcorp.com	Quality Assurance (QA) Lead, Claims	Manages system and regression testing activities for NavRisk project Reviews and coordinates resolution for critical support issues
Bruce Chenail Tonia Emmons	State of Vermont State of Vermont	(802) 828-0615 Bruce.chenail@state.vt.us (802) 828-4621 Tonia.emmons.state.vt.us	Testing Lead Testing Lead	Coordinates and executes client User Acceptance Testing (UAT) activities – includes validation, verification, use and testing of the Software after the Software Implementation Date notice Responsible for ensuring client UAT is performed adequately
Mary Lacaillade Kristie Farnham Bill Duchac Lisa Peduzzi	State of Vermont State of Vermont State of Vermont State of Vermont	(802) 828-1273 Mary.lacaillade@state.vt.us (802) 828-1036 Kristie.farnham@state.vt.us (802) 828-4671 Bill.duchac@state.vt.us (802) 828-1032 Lisa.peduzzi@state.vt.us	SME(s) – Workers Comp Claims SME(s) – Workers Comp Claims SME(s) – Property & Casualty Claims SME(s) – Property & Casualty Claims	Subject Matter Experts for: Authority on Liability / WC Claims handling requirements Workflow Document management Provides input/approval on related business rules Understand state rules and regulations as they apply to a claims system
Lissette Hetterly	DAVID, VP Client Services	(415) 743-3812 lhetterly@davidcorp.com	Training Lead (CORE)	Works with Client Training lead to coordinate, schedule and conduct onsite and virtual training sessions.
Lisa DeForge	State of Vermont	(802) 595-9096 Lisa.deforge@state.vt.us	Training Lead (CORE)	Works with the DAVID Training Lead to coordinate, schedule and conduct onsite and virtual training sessions.

COST/BENEFIT ANALYSIS

1. **Analysis Description:** Provide a narrative summary of the cost benefit analysis conducted: The approach used was to gather all costs associated with the project for a 5 year period, identify revenue sources for the project, and identify tangible benefits that might also be used as revenue sources or expense reductions.

    a. COST COMPONENT: See the detailed **cost** table below.

    b. BENEFIT COMPONENT: See the detailed **benefit** table below.

2. **Assumptions:** List any assumptions made in your analysis.
    a. No staff additions or reductions are expected through the implementation of this solution.

3. **Funding:** Provide the funding source(s). If multiple sources, indicate the percentage of each source for both Acquisition Costs and on-going Operational costs over the duration of the system/service lifecycle.
    a. The only funding source is the revenue generated through a PREMIUM ASSESSMENT that ORM applies to each department. Each department makes this PREMIUM ASSESSMENT an operating cost of their individual budgets.
    b. How this PREMIUM ASSESSMENT is calculated:
        i. Workers' Comp: A calculation which factors in payroll data by job/position, workers' comp classification code, loss/experience data, rates from FINANCIAL REGULATION (formerly BSHCA), and an Actuarial assessment.
        ii. Liability: Similar approach, but without class code, and levied by Payroll amount

4. **Tangible Benefits:** Provide a list and description of the tangible benefits of this project. Tangible benefits include specific dollar value that can be measured (examples include a reduction in expenses or reducing inventory, with supporting details).

    a. See the detailed **benefit** table below.

5. **Intangible Benefits:**
    a. Customer Service: Making staff more efficient allows them time to go "above-and-beyond" to provide exceptional customer service and to be proactive rather than reactive while managing claims and safety issues.
    b. Production: Increase availability of staff to perform regular job duties rather than working on database issues.
    c. Reporting: Improved reporting capabilities will allow staff to distribute loss history data to departments on a regular basis for early identification and correction of safety hazards and other issues.
    d. Accounts Payable: Gain control of the full benefit payment process to include issuing checks in-house which will speed up mail time (current vendor in CA with 5 day mail time) and allow claimants to receive benefits quicker.
    e. Avoiding Penalties: Eliminate possibility of administrative penalties to the State for failure to meet statutory deadlines for claims management and other reporting requirements.

6. **Costs vs. Benefits:** Do the benefits of this project (consider both tangible and intangible) outweigh the costs in your opinion? Please elaborate on your response.
    a. See the Cost/Benefit Assessment section below.

COSTS

The chart below shows two key data points:

1. **Sunk Costs** to Date of each solution
2. **Go Forward Costs** anticipated over the next 5 years

	AON iVOS (incumbent)	**DAVID CORP. NavRisk**
Sunk Costs	$1,009,711	$35,500
Total Go Forward Costs over 5 years:	**$680,500**	**$904,271**
Detail which drives the Go Forward Costs:		
Annual Costs:	**$120,100**	**$124,950**
Hosting	$62,100 (software licenses previously purchased)	$93,000 (includes software license and hosting fees)
Software Maintenance	$58,000	Included
Hyland OnBase Hosting		$19,625
Hyland OnBase Maintenance		$12,325
Staffing – Need to describe role and whether both solutions require additional staffing		$0
One Time Costs:	**$80,000**	**$279,518**
Implementation Services	$40,000 (estimated costs; solution already implemented, but expect some services needed to create interfaces, retraining, etc.)	$122,700 (DAVID Corp.)
Additional modules/interfaces	$40,000 (estimated)	
Hyland On Base License		$61,626
Hyland On Base Implementation		$41,635
AON Data Requisition Cost		$43,170
DII Oversight PM		$10,387

BENEFITS

The **monetary** benefits are listed in the chart below:

BENEFIT	DESCRIPTION	FORMULA	ORIGINAL TOTAL	REVISED TOTAL
Annual Savings				
Reduced Maintenance Fees	Reducing the cost of vendor support and maintenance fees - annual cost savings	*Anticipated savings in fees from RMIS vendors per review of estimated charges provided in previously issued RFQ.*	*$30,000*	*$0*
Staff Time Maintaining Database	Annual cost savings decommissioning a system that requires significant SOV time to maintain and enhance.	*Estimated at least 50% - 75% of a position (duties performed by WC Manager and WC Admin = position costs plus associated operating costs)*	*$75,000*	*$0*
More Efficient Claims Management	Annual time/cost saved by claims staff for a fully functioning system, resource reduction, improved resource utilization, reduced error rates, etc.	*Estimated at: staff/database users' combined salaries = approx $400/hr x 1 hr saved a day x 260 days = $104,000) - includes all modules working which provides automation to many processes that are done manually - ISO and ODG interfaces, etc.*	*$100,000*	*$100,000*
Eliminate Hosting Fees	Potential annual cost savings for SOV hosting own data with new system. Contractor currently hosting data.	*Hosting fees approx $5000/month - plus increases over contract period*	*$70,000*	*$0*
Eliminate CMS Reporting Fees	Current product did not function properly. Therefore, State pays separate vendor to assist with mandatory filings.	*Paying current contractor $10,400 per year + anticipated increase in future years*	*$12,000*	*$12,000*
TOTAL ANNUAL QUANTIFIABLE BENEFITS			**$287,000**	**$112,000**
TOTAL 5 YEAR QUANTIFIABLE BENEFITS			**$1,435,000**	**$560,000**

COST/BENEFIT ASSESSMENT

COST/BENEFIT SUMMARY

	AON iVOS (incumbent)	DAVID CORP. NavRisk
Cost	**$680,500**	**$904,271**
Benefit	**$560,000**	**$560,000**
Difference	**($120,500)**	**($344,271)**

While the numbers above demonstrate a negative cost/benefit ratio, that gap is small.

Given the small Costs/Benefit gap with both solutions ($120K for iVOS and $344K for NavRisk over 5 years), and even smaller annually ($24K for iVOS and $69K for NavRisk annually), it is the opinion of this writer that the COST/BENEFIT ratio is favorable for this project, regardless of which solution is selected.

PROJECT RISK

PROJECT RISK ASSESSMENT

See the attached Risk Register.

Additional Comments on Risks:

It is clear both vendors and both software products meet the business requirements of ORM.

A summary of the risks that impact a successful implementation of either product include:

1. Lack of clearly defined outcomes. This is focused primarily in the areas of interfaces with external systems and in how to best leverage the system to support separation of duties.

2. Lack of participation by senior leadership. Line staff have been left to implement the solution without support and direction from Senior Leadership. Other projects throughout SOV that have succeeded share a common trait, and that is both line staff and senior leadership are daily members of the implementation team.

3. Lack of responsiveness to project schedule: A project like this has defined time allocations. Things need to be done by a certain date so an associated task can begin. Without paying attention to the schedule, the project loses momentum and focus, and will languish.

GAP ANALYSIS

Please review the attachment document titled "*State of Vermont Claims Management Requirements.docx*" which details the functional and non-functional requirements of the solution.

The requirements in that document formed the basis of the Gap Analysis, as that document was used to request the following information from each vendor:

1. A written response to each of the requirements outlined in the **STATE OF VERMONT CLAIMS MANAGEMENT REQUIREMENTS** section.

2. A software demonstration highlighting how the software meets the requirements in the **SOFTWARE DEMONSTRATION AGENDA** section.

In addition to the requirements in the Requirements document, the following highlights the anticipated **Software Interface** requirements. Combined, the **Requirements Document** and **Software Interfaces** represent the ENTIRE set of requirements against which the Gap Analysis is conducted.

GAP ASSESSMENT OF STATE OF VERMONT CLAIMS MANAGEMENT REQUIREMENTS:

The document asked each vendor for written responses to questions related to the following topics:

1. Functional Features
2. Non-Functional Features
3. Solution Implementation
4. Solution Support
5. Solution Architecture
6. Solution Hosting

The following documents attached to this report are the detailed responses to those questions:

1. *DAVID Corporation Response to State of Vermont Claims Management Requirements.docx*
2. *Ventiv Response to State of Vermont Claims Management Requirements-FINAL.docx*

SOFTWARE DEMONSTRATION

We asked each vendor to conduct a software demonstration of the following FUNCTIONAL REQUIREMENTS, and asked the demo attendees to assess two attributes for each functional requirement:

1. Score how FULLY the software met the Functional Requirement (this is the **WHAT**);
2. Score how EASY it was to meet the Functional Requirement given the steps necessary to accomplish the task (this is the **HOW**).

Scale:
THE WHAT: 0-3; 0 = not at all; 1 = very little; 2 = partially; 3 = fully
THE HOW: 0-3; 0 = not at all; 1 = very difficult; 2 = clumsy but doable; 3 = easy

		NavRisk			iVOS		
	FUNCTIONAL REQUIREMENT	**WHAT**	**HOW**	**Comments/Notes**	**WHAT**	**HOW**	**Comments/Notes**
1	Walk us through creating, processing, and closing/completing a Workers' Compensation Claim	3	3	Can we Add a new status (i.e. Open-Pending vs. just Open)?	3	3	Showed during PAYMENT part, he showed low/high amount, level 1-2-3 approver levels (currently max of 4 levels - moving to higher number of levels; This is set up at a SYSTEM-WIDE LEVEL vs. by LINE of BUSINESS); Asked about CMS: ORM is entering data manually
2	Walk us through creating, processing, and closing/completing an Automotive Liability Claim	3	3		3	3	Did all items on agenda
3	Walk us through creating, processing, and closing/completing a General Liability Claim	3	3		3	3	
4	Walk us through a Medical Management Review	3	2	Showed Claim summary, then clicked on Forms button on toolbar, to show Forms available/relevant to Vermont; QUESTION: How to present Medical Mgt history to Adjuster - Notepad? Medical records? How to best present a summary view to an Adjuster	3	3	Tab not used by ORM but will be needed in the future, as this function is now done by a 3rd party

5	Walk us through a Medical re-pricing process			NEED MORE DETAIL HERE	3	3	
6	Walk us through a Case Assignment	0	1	Does not allow more than 1 Adjuster to be assigned	3	3	
7	Walk us through a Case Reassignment	0	0	Does not do this	3	3	
8	Walk us through a Case in Litigation	2	3	Allows user to enter Defense Budget, Attys and other parties, Causes of Action; Not that rich a feature set	3	3	Diff for Workers' Comp in that it supports different codes
9	Walk us through 2 of your favorite ad-hoc report creations			Business Objects showed standard reports; Crystal Reports is used; Ad-hoc - Use Web Intelligence	3	3	Ad Hoc Reporter (this is new; VT has the old version using Jasper Reporter) New uses Jasper Reporting Engine; Showed bar chart, click through showing underlying data then can click to show detail data; Showed CrossTab report
10	Walk us through importing existing PDF into your system to be used as a template	3	3	Create RTF from PDF	0	0	Export PDF to RTF, then import
11	Walk us through importing existing Word or RTF into your system to be used as a template	3	3	Insert MERGE fields like you would with an MS Word MAIL MERGE function	3	3	
12	Walk us through setting up and executing a 3 step workflow			NEED SEPARATE MEETING	3	3	Claim Workflow; Document workflow is similar, except moves a document through the system vs. claim through the system
13	Show us the top 10 features within the Document Management function			NEED SEPARATE MEETING	3	3	
14	Separation of Duties: We are interested in areas your solution illustrate how we can separate and control duties in a small office environment. Two Use Cases are highlighted below. You are welcome to show other use cases if they further illustrate this capability.			NEED SEPARATE MEETING			NEED SEPARATE MEETING

Software Interfaces:

The table below shows the required data exchanges and the systems that need to have data exchanged with.

In place with iVOS	*Interface*	*File Layout Name*	*Type*	*Import/ Export/ Manual*	*New Y/N*	*Automated Y/N*	*Frequency*	*Notes/ Description*
N	Blue Cross/Blue Shield	BCBS Quarterly File Layout	Claims Data	Export	Y	Y	Quarterly	
Y	Blue Cross/Blue Shield	BCBS weekly claim export	Claims Data	Export	N	Y	Weekly	
N	CMS (Medicare Claims)		CMS Medicare Reporting	Import	y			
N	CMS (Medicare Claims)		CMS Medicare Reporting	Export	y			
N	ISO	Universal Format v7.4.1	ISO claims data	Export	Y	Y	Daily	ISO ClaimSearch
N	ISO	Universal Format v7.4.1	ISO Acknowledgment File	Import	Y	Y	Daily	
N	ODG		Disability Guidelines	Import				The Official Disability Guidelines (ODG) and Treatment Guidelines are purchased from the Work Loss Data Institute.

In place with iVOS	*Interface*	*File Layout Name*	*Type*	*Import/ Export/ Manual*	*New Y/N*	*Automated Y/N*	*Frequency*	*Notes/ Description*
Y	OFAC		Office of Foreign Assets Control's (OFAC) prohibited payees	Import		y	Weekly	During the payment process, iVOS performs a search against the Office of Foreign Assets Control's (OFAC) published list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are blocked and U. S. persons are generally prohibited from dealing with them. It is illegal in the U. S. to pay monies to any person or organization appearing on this list.
N	Payroll/HCM	TBD	Payment	Export	Y	Y	Bi-Weekly	
N	Payroll/HCM	TBD	Payment Acknowledgment File	Import	Y	Y	Bi-Weekly	
N	PERI	PERI file layout WC	Claims Data	Export	Y	Y	Quarterly	
N	PERI (Industry WC stats)	PERI file layout Liability	Claims Data	Export	Y	Y	Quarterly	
Y	PMSI (now Helios)	PMSI eligibility file layout CLAIM EXPORT	Claims Data	Export	N	Y	Daily	
N	PMSI (now Helios)	PMSI Sample FTR eligibility layout CLAIM IMPORT (response)	Claims Data	Import	Y	Y	Daily	

In place with iVOS	*Interface*	*File Layout Name*	*Type*	*Import/ Export/ Manual*	*New Y/N*	*Automated Y/N*	*Frequency*	*Notes/ Description*
N	PMSI (now Helios)	PMSI recon file layout MED BILL EXPORT	e-bill	Export	Y	Y	Twice a month	
N	PMSI (now Helios)	PMSI ebill file layout MED BILL IMPORT	e-bill	Import	Y	Y	Twice a month	
Y	VDOL/EDI	VT Dept. of Labor EDI layout EXPORT	IAIABC/EDI	Export	N	Y	Daily	
Y	VDOL/EDI	VT Dept. of Labor ackn file layout IMPORT	IAIABC/EDI Acknowledgment File	Import	N	Y	Daily	
N	VISION AP	VISION_Warrant Layout	Payment Acknowledgment File	Import	Y	Y	Daily	Import accounts payable data from an external accounting system to iVOS
N	VISION AP	VISION Vttipcom Errors	Payment Error File	Manual	Y	Y	Daily	Payments not processed due to errors (? Creates diary/notepad entry?)
N	VISION AP	VISION Data Mapping	Payment / Accounts Payable	Export	Y	Y	Daily	Custom AP Export jobs used to export payment data to external file for transmittal to payroll system.
N	VISION Vendor	Vendor Extract File Format	Vendor Detail File	Import	Y	Y	Daily	Need to send initial file and then upates only daily
Y	VTHR/HCM	Employee Import File Layout	Employee Data	Import	N	Y	Bi-Weekly	Import employee data from external human resources system to iVOS. Send full file initally and semi-annually to overwrite files and updates only bi-weekly

GAP ANALYSIS ASSESSMENT

The following summarizes the **STATE OF VERMONT CLAIMS MANAGEMENT REQUIREMENTS** Gaps by vendor:

DAVID CORPORATION NavRisk:

1. Functional Features
    a. *Case Management assignment: Can only assign to 1 person vs. 3 people (ORM needs up to 3 different people/roles assigned to each case)*
2. Non-Functional Features
    a. *Fraud detection (where checks and balances are in place or can be configured/set up): NavRisk Claims does not currently have fraud detection capabilities to identify and score possible fraudulent claims or incidences.*
    b. *User account disabling after x days: This is not a standard feature in NavRisk Claims. If this is a requirement of the State of Vermont, this feature could be developed.*
3. Solution Implementation
4. Solution Support
5. Solution Architecture
6. Solution Hosting
    a. *Describe data encryption method: Using SQL Server symmetric key and a Triple DES encryption algorithm, NavRisk Claims encrypts sensitive **personal** data such as social security numbers and driver's license numbers. (iVOS encrypts ALL data)*
    b. *Describe business continuity model, including (RPO and RTO): If you choose the Gold/Platinum package, the high availability is in a "failover" design. If the primary server fails, the secondary server will take over within seconds. (iVOS has 12 hour RPO and 24 hour RTO)*
    c. *Describe any SLAs, including application availability, responsiveness, etc.: DAVID provides the following SLA: 24/7 Rackspace Fanatical Support with a 1-hour hardware replacement guarantee. (iVOS has 99% system availability)*

Ventiv iVOS: (*No Gaps)*

1. Functional Features
2. Non-Functional Features
3. Solution Implementation
4. Solution Support
5. Solution Architecture
6. Solution Hosting

The following summarizes the **SOFTWARE DEMONSTRATION** Gaps by vendor:

DAVID CORPORATION NavRisk:

1. Medical re-pricing process: Not clear how this is completed. Need more detail.
2. Case Assignment: Does not allow more than 1 Adjuster to be assigned.
3. Case Reassignment: Does not do this.
4. Walk us through setting up and executing a 3 step workflow: NEED SEPARATE MEETING
5. Show us the top 10 features within the Document Management function: NEED SEPARATE MEETING, although we believe current functionality in Document Management is limited. DAVID Corp. indicates future versions of their software may have additional capabilities here.
6. Separation of Duties: We are interested in areas your solution illustrate how we can separate and control duties in a small office environment. Two Use Cases are highlighted below. You are welcome to show other use cases if they further illustrate this capability: NEED SEPARATE MEETING. Vendor did not have enough time to demonstrate.

Ventiv iVOS:

1. Medical re-pricing process: Not a gap, but a note: Version in use by ORM uses built in functionality. Current version of iVOS assumes 3rd party functionality.
2. Show us the top 10 features within the Document Management function: NEED SEPARATE MEETING. Vendor did not have enough time to demonstrate although this is believed to be
3. Separation of Duties: We are interested in areas your solution illustrate how we can separate and control duties in a small office environment. Two Use Cases are highlighted below. You are welcome to show other use cases if they further illustrate this capability: NEED SEPARATE MEETING. Vendor did not have enough time to demonstrate.

The following summarizes the **SOFTWARE INTERFACE** Gaps by vendor:

DAVID CORPORATION NavRisk:

1. Some of the interfaces were defined as part of the design work completed to date by DAVID.
2. All of the required interfaces are expected to be achievable by DAVID.

Ventiv iVOS:

1. Some of the interfaces are currently in place. Most of those remaining were part of the original SOW with Aon, but various reasons, have not been delivered.
2. All of the required interfaces are expected to be achievable by Ventiv.

Additional Gap Items:

Previously identified Gaps in NavRisk:

1. Ease of Use: The ease of use concern is a function of the number of steps required to perform tasks, as NavRisk tasks are deemed to be more laborious than equivalent tasks in iVOS. There is less familiarity with NavRisk than iVOS, so of course, equivalent tasks will take longer, at least in the short run. Additional time on the system as well as additional training *may* address this.
2. The document management features are limited, necessitating an external solution, namely, Hyland OnBase.
3. There is no "DATE CLAIM ACCEPTED" field in NavRisk. There is a "DATE CLAIM REJECTED" field, but no date to record when a claim was accepted.

Previously identified Gaps in iVOS:

The items below were pulled from the business case that was used to issue the RFP for Claims Management software. As part of this report, it is important to reconcile whether these are still open issues. The responses by ORM are noted in **purple** *lettering.*

a. One issue is that modules that were sold with the iVOS system do not function properly. For example, the State has needed to enter into a separate contract with another vendor to provide federally mandated reporting functionality (CMS reporting) since the iVOS CMS module did not work. This contract costs the State over $10,000 a year. The administrative penalty for failure to complete CMS reporting is $1000 per day per claim. **CMS (Center for Medicaid Services), ISO (**Insurance Services Office**) claim search (Index Bureau – Insurers submit losses to this clearinghouse for validation/fraud detection to be sure double claims are not issues), and Official Disability Guidelines (ODG – Expected Costs, treatments, etc. by injury type) – [AP Interface was on the list of interfaces that we would utilize but the reason we did not proceed with this one was due to a lack of SOV resources on the SOV/VISION-side, not Aon.]**

b. The ISO (Insurance Services Office) Claim Search interface (a two-way interface that identifies claim histories of claimants to assist in the adjustment of claims and detection and prevention of insurance claim fraud) does not work. Therefore, we are required to file with ISO manually instead of through this automated process. And the Official Disability Guidelines (ODG) interface also does not function. This, again, has required us to access a separate database to lookup ODG data and "copy-and-paste" it into iVOS

instead of having the data available within the system. **See "a" above. I believe the issues with these modules were fixed and now just need to be implemented by SOV.**

c. iVOS was sold as being fully-customizable. However, when we determine the need for customization, we are told that the requests will be put in line for prioritization with requests from other clients yet most of our requests are never completed. We still have requests from 2009 that have not been completed. **We do not have a good list of customization requests. This would require having someone review all SOV support tickets to see which ones were completed and which ones were not but are still desired by SOV. As business processes changed some of the previous requests may not be important now. THERE ARE NO KNOWN ENHANCEMENTS REQUIRED AT THIS TIME.**

d. The system requires at least ½ FTE database administrator on the State's side. This role has been filled by the Workers' Compensation Manager and the Workers' Compensation Administrator in the WC office. However, this creates production issues as the office needs to devote those resources to other priorities. Several critical program enhancements have been delayed due to the lack of time available from the Workers' Compensation Manager. **ORM no longer has a WC Manager position so the only resource available is the WC Administrator. Since previously both positions worked on the database, I foresee an even greater lack of resources.**

e. There have been several issues that Aon was unable to resolve which resulted in permanent loss of data. One example is a problem with a reserve worksheet that is attached to the claims. After a version upgraded, we discovered that some of the historical reserve history was lost and Aon indicated they were not able to retrieve the data. **Yes this was an issue. SOV needs to conduct more thorough testing after upgrades to avoid accepting a release that has issues. Again, this was a resource issue in the past (WC administrator tested as best he could with limited time available).**

f. Aon's service is less than ideal. We often have to wait for months to get fixes for issues that impact our daily workflow, costing the State valuable time and therefore money. EXAMPLES? Many of our system requirements are based on regulatory changes. Aon has been unable to provide us with timely enhancements to enable us to meet some of these statutory requirements. This exposes us to the risk of costly penalties. **One example was the CMS reporting module. SOV had to contract with outside entity to handle mandatory reporting because of delays with Aon's module and getting SOV in a current release of iVOS. SERVICE TICKET MANAGEMENT WERE IMPROVED IN 2011. THE TEST ENVIRONMENT BEING READY (BUGGY) IS UNKNOWN BECAUSE WE HAVE NOT UPGRADED IN SEVERAL YEARS (SINCE 2012).**

g. The State has worked with Aon since July 2009 on various issues with the database and problems with interfaces that were purchased with the product. Unfortunately, Aon has been unable to rectify many of the identified problems. **My opinion is that part of the issue is not having dedicated technical support for the State to work with Aon to get issues resolved. With the limited resources and having claims staff try to fulfill a DBA role, projects did not move as quickly as possible and troubleshooting/problem resolution was not conducted in the best manner possible.**

SECURITY REQUIREMENTS

The objective of this section is:

- *Document Security Requirements that also includes a gap analysis between these Security Requirements to both systems (old system & new system)*

The bulk of these Security Requirements are a function of the report from the State Auditor's office[2], issued in 2013, which had the following security-related findings:

> During the course of performing our analyses of the data in the system WCP uses for claims management (operated by a contractor), we found data errors in some fields and significant information technology control weaknesses.
>
> The data errors were in fields that can be used to look for statewide injury trends—cause of injury, nature of injury, and body part. These errors were exacerbated by the lack of up-to-date policies and procedures related to claims processing.
>
> WCP also had poor information technology controls. In particular, in early May 2013, almost a quarter of the users (both state and contractor employees) were given unfettered access to data and functions in the system and the security was not set up to enforce strong separation of duties. Duties should be separated so that no one individual can control or perform all key aspects of a transaction or event in order to reduce the opportunity of fraud or errors.
>
> The WCP manager subsequently changed some of the access levels, but found that others could not be fixed because of adverse impacts on WCP's ability to process payments and issue checks in a timely manner. This, in part, is because the business roles established for at least two of the users required them to have access to all key aspects involved in paying a workers' compensation claim. The WCP manager indicated that it can be difficult to separate duties in a small organization.
>
> In such cases, the state's internal control standard indicates that organizations can substitute increased review or supervision, but WCP did not have such compensating controls in place.
>
> *The weak system access controls coupled with the lack of compensating controls means that WCP is at high risk that inappropriate actions (intentionally or unintentionally) could be taken by users.*

[2] *WORKERS' COMPENSATION PROGRAM Workplace Safety Activities Not Consistently Performed and Recommendations Not Always Implemented* (Vermont State Auditor Report, July 22, 2013).

The above can be summarized into two key findings:

1. Invalid or incorrect data: This is not a "systems" issue, rather, a user data entry issue. This is a controls issue, in that periodic data review might uncover such trends. It is up to management to implement such periodic review. The following finding taken from the auditor's report further illustrates this point:

> As part of assessing the reliability of computer claim files provided by WCP, we randomly selected 40 incidents using our data analysis software to confirm that certain iVOS data elements that we were planning to use in our analyses of trends were consistent with documents contained in iVOS. We were able to determine that the iVOS fields for the number and types of claims, organization of the worker, and paid amounts were reliable for purposes of our analyses. However, 13 of the 40 incidents had one or more errors in the iVOS fields that characterized the injury (seven errors related to cause, three errors related to the nature of the injury, and seven errors related to body parts).
>
> For example, one incident was originally reported as caused by being struck by an object resulting in an injured nose. However, what actually occurred was that the employee tripped over a raised concrete platform (i.e., a trip/fall cause) and hurt her lip, tooth, and forehead. In this and other claims with errors, it appeared that the data in the nature of injury, cause, and body part fields had not been changed after the original report had been submitted.
>
> WCP policies and procedures related to claims processes were out-of-date and incomplete. For example, they reference the prior system used to process claims, not iVOS. According to the state's internal control guidance, documentation of policies and procedures is critical to the daily operations of a department as they provide direction and help form the basis for decisions made every day by employees. Moreover, step-by-step procedures ensure business continuity and repeatability.

2. Separation of duties: This is a function of policies, procedures, and management oversight. Both systems evaluated provide the security configuration and resulting level of controls necessary to assign and enforce a separation of duties.
    a. Specific security configuration capabilities in both systems include:
        i. What functions the users can access;
        ii. Whether they can read only, or add, edit, or delete data within each function;
        iii. Configure financial limits tied to payments and reserves.

    It is up to management to implement this model in the business environment. The following finding taken from the auditor's report further illustrates this point:

> As of early May 2013, the access levels in iVOS set up by WCP were seriously deficient. About a quarter of the users were allowed to have unfettered access to data and functions in the system, and iVOS security was not set up to enforce strong separation of duties. Specifically, of the 46 iVOS users (27 contractor users and 19 state government users):
>
> - 11 users (contractor and state employees) had unrestricted authorization and could add, delete, or change any data, including their own security settings
> - 9 contractor users had a single restriction on the functions that they could perform in the system, but otherwise had unrestricted authorization levels; and

- other state users had access that allowed them to control substantial aspects of a workers' compensation claim, including the capability to add vendors and change a payee name and address for a particular payment.

Other organizations that use iVOS place restrictions on system authorization levels so as not to allow the type of access established by WCP. The iVOS system documentation indicates that these restrictions are used to protect the integrity of the claims process and to make fraud more difficult to achieve and, therefore, less likely to occur.

It appears that the contractor's extensive system access was a remnant from when the contractor performed the bill review process for WCP (which ended in November 2011). Based on discussions with the contractor's support staff, the contractor needs very limited write access capability in order to perform its current role—processing checks. For example, there were 10 contractor personnel that could authorize individual payments and claim reserve amounts of up to $1 million, but according to the contractor lead support staff member, this access level is not necessary to process checks. In addition, the contractor identified seven of its employees that had no need for access to Vermont data.

When these access levels were brought to the attention of the WCP manager, she addressed some of the deficiencies immediately. For example, she inactivated the accounts of the contractor staff who did not need access and removed other contractor's staff ability to authorize payments and reserves. However, the manager discovered that she could not address some deficiencies because it adversely affected WCP's ability to process payments and issue checks in a timely manner. For example, the business roles of at least two of the state users required them to have access to all key aspects involved in paying a workers' compensation claim.

The WCP manager plans to make additional changes to iVOS access levels once she can ensure that those changes will not have an adverse effect on WCP's operations. The WCP manager explained that it can be difficult to separate duties in a small organization. The state internal control standard and GAO acknowledge that it can be difficult to separate duties in this type of situation and state that in these cases management can substitute increased review or supervision as an alternative control activity.

WCP's business practices did not provide compensating controls. In particular, WCP did not (1) have a vendor approval process, (2) confirm that the report the contractor sent detailing the number and amount of the checks processed equaled the amount of the payments WCP authorized, (3) perform management reviews of the payment process (e.g., review that override codes were used properly). The weak system access controls coupled with the lack of compensating controls means that WCP is at high risk that inappropriate actions (intentionally or unintentionally) could be taken by users.

Additionally, the two Use Cases which follow were reviewed during the Gap Analysis, but are illustrated here as example of security controls. These Use Cases are *stated to be* supported by both iVOS and NavRisk software functionality, *but have yet to be demonstrated*:

1. Separation of duties and related financial authority limits (set within the software application)
    a. We want to have authority limits with *multiple approvers.* As such, we need to have the system require more than one approver depending on the amount of the payment. For example, User A can approve payments up to $5000 and User B is a required second tier approval on payments over $5000, etc. Having a procedure to require the approvals is one part, but we are also looking for security in the system that will not allow a payment to release unless it follows all levels of approval as required through an automated process.

    b. We also want a different set of rules/approvals depending on payment type and line of insurance. For example, payment type = permanency requires a second approver if over $10,000 payment…medical payment does not require second approval, etc.

APPENDIX A: Risk Matrix from Original iVOS Independent Review

Risk Priority (1-5, 1 being highest risk)	Risk Description	Comments	Probability of Risk Occuring (in %)	Cost if Risk Occurred	Rick Factor (Probability * Cost)
1	Initial costs (i.e., the feasibility of the being able to provide the initial funding outlay);	RMD indicates they have the funds for this project. Cost is total cost of this project.	5%	$900,000	$45,000
1	Overall risk of project failure (i.e., the chance that the project will fail completely)	We anticipate RMD will get to completion on time and on budget. Cost is total project cost.	5%	$900,000	$45,000
1	Capability of agency to manage the project (i.e., the extent to which a the agency has successfully managed similar projects in the past)	We anticipate RMD will successfully manage this project. Cost is total project cost.	5%	$900,000	$45,000
1	Feasibility (i.e., the overall likelihood of the project succeeding);	We anticipate RMD will successfully complete this project. Cost is total project cost.	5%	$900,000	$45,000
1	Organizational and change management (i.e., risks associated with key stakeholders and their view of the project);	As with any change, particularly system change, there needs to be a champion that help staff understand the implications and benefits to the organization. This is provided by Robin Orr. Costs are related to hiring and training, should staff leave due to being unhappy, unwilling, or unable to transition to the organizational changes.	5%	$50,000	$2,500

Risk Priority (1-5, 1 being highest risk)	Risk Description	Comments	Probability of Risk Occuring (in %)	Cost if Risk Occurred	Rick Factor (Probability * Cost)
1	Technology (i.e., the type, maturity, user-level acceptance, and pervasiveness of the underlying technology expected to be used);	The proposed technology is based on a browser or thin client. This approach is a proven technology. Cost is total cost of this project.	5%	$900,000	$45,000
1	Strategic (i.e., the long-term importance of the project to the sponsoring organization);	This project is critical to the organization in terms of being able to streamline business operations, eliminate duplicate data entry and associated potential for error. Cost is total cost of this project.	5%	$900,000	$45,000
1	Surety (asset protection) considerations (i.e., the level to which the project assets are protected from loss);	There is a good disaster recovery plan, so hardware and software are protected. As staff are considered assets and critical to the project, there is small risk that they will not stay throughout the project. Costs are associated with hiring and training new staff.	5%	$100,000	$5,000
1	Reliability of systems (i.e., the degree to which users depend upon the systems);	Systems are expected to be very reliable; Costs are associated with new servers/server upgrades to boost performance/reliability.	2%	$100,000	$2,000
1	Technical obsolescence (i.e., the likelihood that the technology supporting the project will be made obsolete by follow-on technology);	Risk is that Sun changes software development environment compatibility with future releases of the J2EE model. Cost is staff training to support all FUTURE development in the new model, and assumes all current code is usable	2%	$100,000	$2,000
1	Schedule (i.e., the degree to which the expected completion dates for all major activities meet organizational deadlines and constraints for effecting change);	There is no specific "drop dead" date by which the system needs to be implemented; The costs are overrun costs for VOS.	2%	$50,000	$2,500
1	Life-cycle costs (i.e., the confidence the stakeholders have in the accuracy of the life-cycle costs and ROI);	The costs are annual software/hardware maintenance that may not already be accounted for	2%	$50,000	$2,500
1	Security (i.e., the potential impact of an underlying system being compromised);	128-bit encryption provides strong data security. The costs are associated with additional security being required which is not already included.	5%	$50,000	$2,500
3	Data/info (i.e., the type, importance, and sensitivity of the data being collected);	Insurance-related data often contains personal identification information. The costs are associated with additional security being required which is not already included.	5%	$50,000	$2,500

Risk Priority (1-5, 1 being highest risk)	Risk Description	Comments	Probability of Risk Occuring (in %)	Cost if Risk Occurred	Rick Factor (Probability * Cost)
3	Dependencies and interoperability between this project and others;	This is a primarily a "stand-alone" project in terms of reliance on or by other projects in terms of timing (this needs to be done before another system can be developed). However, there are two other *existing* systems which will interface with the proposed VOS system.	5%	$100,000	$5,000
3	Risk of creating a monopoly for future procurements (i.e., the probability that government action will give a contactor an unanticipated economic advantage over competitors in the future);	Given the tool set proposed, and availability of skill with that tool set constitutes a low risk	5%	$100,000	$5,000
3	Business (i.e., the degree to which a proposed project solves business problems or takes advantage of business opportunities);	This is the essence and purpose of this project. This only has upside.	0%	$0	$0

Control Risks

It is not the intent of the Independent Review Project to review Control Risks. Rather, we expect an outcome of the Independent Review to be a recommendation for VOS to Control Project risks, using techniques similar to those described below.

This review does however provide commentary on each Control outlined below, and is noted in *italics.*

The Project Manager establishes and executes a risk management plan to mitigate risks. The development of a risk management plan assists in addressing each risk and whether to accept, avoid, transfer, or reduce the impact of the risk. This includes determining risk controls based upon available resources and identifying responsible parties. Plans should include the identification of the appropriate risk control strategy, objectives, alternatives, mitigation approach, responsible parties, resources required, activities, actions taken to date, and results achieved. ***The risk management plan is an evolving strategy to assist the Project Manager and ensure a higher probability of success for the project.*** The plan should be ***updated continually*** as risks change throughout the lifecycle. Risks, actions taken, and results should be tracked and included as part of periodic reviews.

Risks can rarely be completely eliminated, however they can be controlled. If the following controls or risk mitigation strategies are in place, the likelihood of risk decreases:

Financial Controls – 2 of 6 Controls not met.

- Φ Perform Cost-Benefit and economic analyses – *This is typically done to justify a project to determine Return on Investment. There is no evidence that based strictly on a DOLLAR COST to DOLLAR benefit that this project is justified. However, based on the objective to use current technology and support business needs, this project is justified.*
- Φ Implement a rigorous investment management program – *There are funds to support this initiative.*

- Φ Utilize earned value, share in savings, use contracting approaches, etc. to help control costs – *There is no evidence that this has been undertaken.*
- Φ Purchase liability insurance – *There is no evidence that this has occurred.*
- Φ Establish clear benefits to be realized – *This is covered in the PROJECT GOAL and PROJECT OBJECTIVES sections above.*
- Φ Use competitive bidding for each investment design increment. – *This has occurred for the entire project, not for each phase. This is appropriate for this project.*

Technical Controls – All Controls met.

- Φ Reengineer the process first – *This is planned during the first month of this project.*
- Φ Use development lifecycle methodology/structure – *VOS embraces a structured development/lifecycle methodology.*
- Φ Use project planning/management software – *VOS and RMD plan to use Microsoft Project.*
- Φ Use appropriately trained personnel – *VOS staff appear qualified. RMS staff have equivalent technical and project management skills.*
- Φ Divide the investment into increments – *This has occurred, as half of costs occur in year 1, and the remaining costs are spread over years 2-5.*
- Φ Isolate custom design portions of the investment – *This has occurred, as the project has been broken in to logical business function phases.*
- Φ Assign a Project Manager (preferably with Project Management Institute or similar organization certification) to be accountable for the investment – *VOS has a qualified Project Manager assigned. RMD has co-Project Managers assigned.*
- Φ Conduct pilot test(s). – *This is anticipated and scheduled.*

Operational Controls – All Controls met.

- Φ Use a strategic information management framework – *VOS has this planned into their approach.*
- Φ Establish clear requirements and objectives – *VOS has this planned into their approach.*
- Φ Use a change management program to minimize organizational disruption – *This is included in the implementation plan.*
- Φ Adequately train organization and provide follow on support – *The "Train the Users" approach plan appears robust.*
- Φ Establish performance metrics and monitor metrics using a reporting system – *There are adequate performance metrics planned for this project.*
- Φ Establish a communications plan. – *The Project Management Team is anticipated to be the communications vehicle.*

Schedule Controls – 3 of 7 Controls not met.

- Φ Use contractual incentives for quality or timeliness – *This is not included on this project.*
- Φ Use contractual penalties for missed deadlines - *This is not included on this project.*
- Φ Use contractual incentives for meeting or beating deadlines - *This is not included on this project.*
- Φ Use project management software – *As noted above, Microsoft Project is expected to be used.*
- Φ Use an experienced/certified Project Manager and/or provide the necessary training to the Project Manager – *Included. Noted above.*
- Φ Set realistic expectations and manage those expectations – *Expectations have been defined as are clear.*
- Φ Use outsourcing to augment scarce internal resources. – *VOS is the outsourced resource. VOS has no plans to hire temporary help to back-fill line staff at critical times, although it is not clear that this would actually be needed.*

Legal and Contractual Controls – 1 of 5 Controls not met.

- Φ Create a software license management program – *Not used on this project.*
- Φ Review all applicable laws – *RMD and Vermont Attorney General's Office group is undertaking this.*
- Φ Apprise contracting personnel of potential legal concerns and contract disputes –*Vermont Attorney General's office is undertaking this.*
- Φ Maintain communication with contractors to minimize contract disputes – *This is anticipated.*
- Φ Provide multiple termination opportunities within a contract. – *This is not included in draft contracts seen thus far, but is recommended elsewhere in this report.*

Organizational Controls – All Controls met.

- Φ Obtain "buy-in" from top management early in planning stages – *This is met.*
- Φ Work closely with end-users to establish system requirements – *This will be done during Month 1 of the project.*
- Φ Maintain good communication with all stakeholders. – *The Project Management team will undertake this role.*

SUMMARY

Regarding the feasibility of the Implementation Plan and Project Timeline, both appear achievable, based on VOS' experience.

Regarding overall risk assessment, with a clear funding source, some experience with the proposed technology, significant project management experience, and business staff specifically assigned to the project, the overall risk of the project not meeting the stated objectives creates a position of **LOW RISK**.

APPENDIX B: Cost/Benefit Analysis from Original iVOS Independent Review

Project Cost Details

Item	Year1	Year2	Year3	Year4	Year5	TOTAL
Hardware[1]	$0	$0	$0	$0	$0	**$0**
Software[2]	$283,670	$45,270	$45,270	$47,534	$49,910	**$471,654**
Staffing[3]	$0	$0	$0	$0	$0	**$0**
Consulting[4]	$120,000	$0	$0	$0	$0	**$120,000**
Training	$16,500	$0	$0	$0	$0	**$16,500**
Application Hosting[5]	$52,800	$55,400	$58,212	$61,123	$64,179	**$291,754**
TOTAL	**$472,970**	**$100,710**	**$103,482**	**$108,657**	**$114,089**	**$899,908**

Funding Source:

It is understood from Ms. Orr that the funding source is the RMS operating budget (versus the general fund), to cover the $1.2M fees associated with this project.

BENEFITS: 5 Year Window	Expected Savings	Savings Derived Through…
Prevention of hiring Adjuster in future (Year 3) to handle increased case load, as software reduces time to do this work	$140,000	$70K annual salary/benefits for 2 years
Avoid Late Payment Penalties and Fees		Improve 72 hour requirement and 21 day compensability determination requirement - TBD
Increase in Fee Schedule Reduction Accuracy	$130,000	1% improvement on $2.6M annually, over 5 years
Reduction in fraudulent claims due to integrated ISO ClaimSearch		TBD
Improved Medical Treatment through more timely incident reporting	$650,000	5% improvement on $2.6M annually, over 5 years
Reduced Liability exposure through more timely incident reporting	$500,000	2% improvement on $5M annually, over 5 years
Improved Loss Prevention activities through better trend reporting and data analysis	$1,250,000	5% prevention/reduction in injury-related costs, on $5M annually, over 5 years
Reduced Public Records Cost		Archive, Retrieval of Microfilm (x retrievals over 5 years)-TBD
Reduced Paper Cost		Negligible, at $70/month
Reduced ISO Claim Search Cost		Negligible, at $2,600/annually
Reduced Microniche Maintenance fees		Negligible, at $1,800/annually
Reduction in fees of 3rd party processor	$440,000	8,000 claims, $11/claim over 5 years
Improved productivity through more timely access to scanned data, no longer copying/scanning paper	$80,769	15/minutes/day, 8 people, $70K annual salary/benefits
		Hourly Wage, 2080 hours annually
		Daily Savings, 15 minutes/day
		Daily Savings for 8 people
		Annual Savings for 1 year, 5 days/week, 48 weeks
		Savings for 5 years

TOTAL BENEFITS:	**$3,190,769**	
TOTAL COSTS:		
TOTAL 5 YEAR COST without VARIABLE COSTS	**$899,907**	
TOTAL VARIABLE COSTS	**$229,000**	
TOTAL 5 YEAR COST with KNOWN VARIABLE COSTS	**$1,128,907**	