



Select Committee on Efficiency in Government

62nd Montana Legislature

SENATE MEMBERS

JON SONJU--Chair
EDWARD BUTTREY
MARY CAFERRO
JIM KEANE
EDWARD WALKER
DAVID WANZENRIED

HOUSE MEMBERS

MARK BLASDEL
RON EHLI
GALEN HOLLENBAUGH
PAT NOONAN
SCOTT REICHNER
KATHLEEN WILLIAMS

COMMITTEE STAFF TEAM

DAVE BOHYER, Lead Staff
DAVID NISS, Staff Attorney
DAWN FIELD, Secretary
SUE O'CONNELL, LSD, Health Care
SONJA NOWAKOWSKI, LSD, Nat'l Res.
QUINN HOLZER, LFD, Health Care
TARYN PURDY, LFD, Budgeting Process
BARBARA SMITH, LFD, Technology
LOIS STEINBECK, LFD, Health Care

MINUTES

October 7, 2011

Room 102, State Capitol
Helena, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page. You must have Real Player to listen to the audio recording or to view the video.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

COMMITTEE MEMBERS PRESENT

Sen. Jon Sonju -- Chair
Sen. Mary Caferro
Sen. Jim Keane
Sen. David Wanzenried

Rep. Mark Blasdel
Rep. Ron Ehli
Rep. Galen Hollenbaugh
Rep. Pat Noonan
Rep. Scott Reichner

COMMITTEE MEMBERS ABSENT/EXCUSED

Sen. Edward Buttrey
Sen. Edward Walker
Rep. Kathleen Williams

STAFF PRESENT

Dave Bohyer, Lead Staff
Dawn Field, Secretary
Sue O'Connell, LSD, Health Care
Barbara Smith, LFD, Technology
Lois Steinbeck, LFD, Health Care

AGENDA & VISITORS' LIST

Agenda, Attachment #1.
Visitors' list, Attachment #2.

COMMITTEE ACTION

The Select Committee on Efficiency in Government:

- approved a mission statement;
- approved one goal statement; and
- approved three objectives.

COMMITTEE TOUR OF THE STATE DATA CENTER

The Select Committee on Efficiency in Government (SCEG) toured the State of Montana Data Center (SMDC) in Helena, Montana. The tour was led by Stuart Elliott, Chief Technical Officer, Information Technology Services Division (ITSD), Department of Administration (DOA). Dick Clark, ITSD Chief Information Officer (CIO), DOA, and Tammy LaVigne, ITSD Deputy CIO, DOA, were present and assisted with the tour. Mr. Fuller said that the Data Center was completed in 2009 and was built to Tier III Data Center standards. He said that the Data Center is the core piece of the state network and provided details regarding its construction and the numerous safeguards built into the Center. As SCEG members viewed each room, they were given an explanation of each component and its function. Staffing requirements, security measures, expansion capabilities, and other information was also presented by ITSD staff. The members had opportunities for questions and discussion during each portion of the tour.

CALL TO ORDER AND ROLL CALL

00:00:01 SEN. SONJU reconvened the Select Committee on Efficiency in Government (SCEG) at 10:42 a.m. The Secretary noted the roll (ATTACHMENT #3).

INFORMATION TECHNOLOGY PANEL

00:00:58 REP. HOLLENBAUGH said that the purpose of the panel discussion is to focus on a desktop to data center overview of how information technology (IT) services are provided to state agencies and others who interface with the state information technology system.

00:02:34 **Ron Baldwin, CIO, Department of Public Health and Human Services (DPHHS)**, provided a history of how the DPHHS began the process of modernizing its very large enterprise systems. Mr. Baldwin discussed the Combined Healthcare Information and Montana Eligibility System for Medicaid (CHIMES), already in operation; and the CHIMES Supplemental Nutrition Assistance Program (SNAP) and the CHIMES Temporary Assistance to Needy Families Program (TANF), both due to be implemented in October of 2012. He said the new systems are designed to operate in ways that allow them to share information in order to provide services and benefits more efficiently. Mr. Baldwin also gave a detailed update on the Medicaid

Management Information System (MMIS) upgrade. He said that the request for proposal (RFP) process has been completed and that the contract will be finalized soon. He noted that when complete, the new MMIS will meet all national initiatives for information technology.

- 00:10:58 REP. REICHNER asked about the cost of the MMIS upgrade. Mr. Baldwin said the appropriation totaled \$68 million, including the building, development, implementation, and support of the new system. He discussed specific details of the implementation process and also explained where the DPHHS is in the process of finalizing a contract.
- 00:17:00 SEN. WANZENRIED asked what is the expected life cycle for the upgraded MMIS. Mr. Baldwin said it is expected to last two to three decades and that the new system will have compartmentalized components so that if a new technology is created, upgrades will be able to be done without replacing the entire system.
- 00:19:27 REP. EHLLI asked for an explanation of the contract approval process. Mr. Baldwin said the contract has been given initial approval by the federal government Center for Medicaid Savings (CMS) and the State Procurement Bureau. He said the next step in the process is to work on the contract with the highest scorer from the RFP and then resubmit the contract to the federal and state agencies for reapproval. REP. EHLLI asked additional questions about the contract approval process.
- 00:27:16 SEN. CAFERRO asked about timely and accurate processing of Medicaid applications. Mr. Baldwin said that DPHHS staff is having to work in both the old system and the new system while waiting for the new system to become fully operational. He said that once the new eligibility systems are complete, the work flow will greatly improve.
- 00:31:08 SEN. CAFERRO said that some Montana counties don't have public assistance offices and that a certain amount of the population can't get to offices. She suggested that the DPHHS create "circuit riders" who could travel around the state with a lap top computer to assist citizens with benefits applications and other services. She asked if the new systems would be compatible with that type of program. Mr. Baldwin said the new system will allow much more flexibility and mobility. SEN. CAFERRO asked if ongoing costs are included in the \$68 million appropriation. Mr. Baldwin said the \$68 million is specifically for building the MMIS system and putting it in place. He explained how support and maintenance would be handled, once the system goes "live".
- 00:35:47 SEN. KEANE asked when the dual data entry between the old system and the new system will end. Mr. Baldwin said the new system will be fully operational by October of 2012. SEN. KEANE asked a series of questions about yearly operational costs and how federal match dollars are used. Mr. Baldwin responded to his questions and said he would verify the information with a Medicaid specialist. SEN. SONJU said that Barb Smith, SCEG staff, would also look into SEN. KEANE's questions.
- 00:41:44 **Sandi Miller, General Manager, Montana Interactive (MI)**, explained how MI provides government services in Montana, and discussed online services offered

by the Department of Justice (DOJ), Fish Wildlife, and Parks, and Department of Labor and Industry online professional licensing services as three examples. Ms. Miller said that MI provides 212 services to 36 state and local governments, and is successful, efficient, and innovative.

- 00:54:05 REP. HOLLENBAUGH asked Ms. Miller how often citizens approach MI to request that an agency provide a certain online service. Ms. Miller discussed, as an example, the temporary vehicle tag system which was requested by banks and auto dealers. She said that MI also works with state agencies and public interest groups to determine where e-government services are needed.
- 00:56:17 SEN. CAFERRO said that the online service designed by MI for the Child Support Enforcement Division works very well. She asked who the largest state agencies are that use MI's e-government services. Ms. Miller said that DOJ, the Department of Administration, and DPHHS, are the biggest users. She said that there is no online services provided by MI to the Montana Department of Transportation at this time.
- 00:58:13 SEN. SONJU asked if there are plans to expand online vehicle licensing services to include ordering license plates. Ms. Miller said that has been discussed with the DOJ but the service is not available at this time. SEN. SONJU said the SCEG may want to look at this because of the benefit to county governments and citizens alike.

MONTANA STATE DATA CENTER PANEL

- 01:01:34 **Barb Smith, Statewide Fiscal Specialist, Legislative Fiscal Division (LFD)**, discussed a high level overview of IT services in Montana using a Power Point slide show (EXHIBIT 1). Ms. Smith's presentation included a general overview of agency-based IT, an operational overview of agency-based IT, potential differences when opting for services with SMDC, and the potential of an SMDC relationship. She explained how cost savings could be realized but noted that there is no statutory requirement for agencies to use the SMDC.
- 01:08:17 **Stuart Fuller, Chief Technology Officer, Information Technology Services Division (ITSD), DOA**, discussed a report on Montana's Data Center (EXHIBIT 2). Mr. Fuller's discussion points included an overview of the SMDC, strategic goals, cost efficiencies, and benefits of the Montana Data Center System (MDCS).
- 01:18:10 **Tammy LaVigne, Deputy State CIO, ITSD, DOA**, discussed efforts to market and expand use of the SMDC, including a study and analysis of cost savings by IBM. She discussed the benefits of the SMDC which included energy savings and overall cost savings, average server service option price, and non-computable benefits (pages 5-9, EXHIBIT 2).
- 01:36:17 SEN. SONJU noted that the Montana University System (MUS) was not included. He asked if ITSD staff could find out what the MUS data storage needs are and what the potential cost savings might be if the MUS used the MDCS. Mr. Fuller explained how the MUS uses the Northern Tier system. He said it is a political issue and noted that the Legislature was specifically forbidden to allocate funds for the Northern Tier system. Regarding cost savings, Mr. Fuller stated that the cost savings would be approximately \$500,000.

- 01:38:56 REP. HOLLENBAUGH asked if there is an impact to service levels in virtualized environments versus a physical environment. Mr. Fuller said that is a technical issue and that, if done correctly, will result in either no difference or improved performance.
- 01:40:11 REP. REICHNER and Mr. Fuller discussed how to determine if the MSDC has been a success and if an effort to market it to public and/or private entities would be appropriate. REP. REICHNER asked how the SCEG could measure the efficiency of the SMDC. Mr. Fuller said it could be measured by the cost per unit, which is currently \$7200 per unit. He said the more users, the lower the per unit cost would be.
- 01:45:43 **John Daugherty, CIO, Department of Corrections (DOC)**, discussed the DOC's transition to the SMDC (pages 13-15, EXHIBIT 2).
- 01:57:19 SEN. CAFERRO asked about cost savings. Mr. Daugherty said there was not a direct cost savings to the DOC but that energy costs will decrease, which will show up in the General Services Division (GSD) budget.
- 01:59:19 **Bill Hallinan, IT Manager, Teachers Retirement System, DOA**, reviewed how the Teacher's Retirement System moved to the SMDC (page 16, EXHIBIT 3).
- 02:10:00 Ms. Smith discussed issues and obstacles that may prevent an agency from moving to the SMDC.
- 02:19:27 SEN. KEANE asked if there has been a discussion regarding agency contractors and if they will move to the SMDC. Mr. Fuller said that he has not heard from contractors.
- 02:20:26 SEN. CAFERRO commented that computers were marketed as a tool to make government more efficient and as cost savings, but that it is hard to measure the value and cost savings. Ms. Smith agreed that it is difficult to isolate IT costs across state government because of disparities in how it is accounted and budgeted for within each agency. She said that issue is on the LFD work list.
- 02:24:23 REP. HOLLENBAUGH asked, if the physical and virtual space is available on the SMDC, should public agencies be required to use it. Mr. Fuller said that the SMDC is capable of handling all state agencies but there are reasons why an agency may not want to use the SMDC. REP. HOLLENBAUGH asked what type of preparations would have to be made in advance of a move. Mr. Fuller discussed the ITSD move from the Mitchell Building and said that a large agency would probably need several months to plan for and make the transition.
- 02:30:05 REP. HOLLENBAUGH asked what other efforts to collaborate with private facilities could be made. Mr. Fuller said that would depend on several factors but estimated that many public and private entities could be accommodated. He noted that the system was designed to allow expansions, should the need arise.
- 02:32:47 SEN. KEANE asked if there is a way to incentivize agencies to move to the SMDC through legislation. Ms. Smith said that there are many options for incentives.

02:37:46 REP. HOLLENBAUGH thanked the panelists for their time and for the tour of the data center.

Public Comment on Information Technology

02:38:40 **Geoff Feiss, General Manager, Montana Telecommunication Association (MTA)**, said that private telecommunications companies have invested tens of millions of dollars into infrastructure and opposed the SMDC because the private sector could have provided the same services as efficiently and cost-effectively.

02:41:14 SEN. SONJU recessed the SCEG for lunch until 1 p.m.

LUNCH BREAK

03:31:05 SEN. SONJU called the meeting back to order.

Public Input Tool Presentation

03:32:00 Mr. Bohyer reviewed committee discussion regarding the public input tool at the August meeting. He said it went "live" on September 30 and that three comments have been received. He provided copies of the web pages illustrating how the input tool works (EXHIBIT 3).

03:34:35 **Dale Matheson, Office of Legislative Information Technology (OLIT), LSD**, explained the function of each part of the input tool. Mr. Bohyer said the Mr. Matheson is working on getting access for the SCEG members to allow direct review of the responses. He encouraged the members to look at the tool and to suggest changes.

03:40:44 SEN. KEANE asked if names are submitted or if it can be done anonymously. Mr. Bohyer said there is an opportunity to put in a name and contact information but that it is not required.

03:41:28 REP. HOLLENBAUGH discussed concerns about "spamming" the tool in order to influence the SCEG. Mr. Matheson explained different options to prevent that from happening.

COMMITTEE QUESTIONS ON INFORMATION TECHNOLOGY

03:44:53 There were no additional questions on information technology. REP. HOLLENBAUGH volunteered to serve on an Information Technology Subcommittee. SEN. SONJU appointed REP. HOLLENBAUGH as the chair. He also appointed REP. REICHNER, REP. WILLIAMS, and SEN. BUTTREY. He said other members could be added, if they wished to participate.

03:48:50 SEN. SONJU said that the Healthcare Subcommittee would meet again. REP. NOONAN will chair the Subcommittee, SEN. WANZENRIED, SEN. CAFERRO, SEN. WALKER, and REP. BLASDEL will continue as members.

COMMITTEE DISCUSSION OF WORK PLAN AND MEETING SCHEDULE

03:52:41 Mr. Bohyer discussed the work plan requirements as specified in HB 642. He said that the Mission, Goals, and Objectives Subcommittee reviewed a proposed mission

statement and identified one goal and three objectives (EXHIBIT 4). Mr. Bohyer said that SEN. SONJU had informed him that a Work Plan Subcommittee would be appointed to finalize a work plan, for approval at the November meeting. He reviewed other work plan requirements and the proposed meeting schedule, including meeting locations and agenda topics.

03:59:58 The SCEG members discussed the work plan and meeting schedule. SEN. KEANE said that outside tours would likely not be possible in Butte in February. SEN. WANZENRIED discussed his concerns about ensuring public access to the remote location meetings and said until he knows what the cost is and if access is possible, he is reluctant to schedule additional out-of-town meetings. SEN. SONJU said that local legislators will work within their communities to ensure access and that Cablevision and TVMT have agreed to work on remote location broadcasts. SEN. CAFERRO said that Rep. Williams is looking into the facilities available at Montana State University for the Bozeman meeting.

COMMITTEE DISCUSSION AND APPROVAL OF MISSION, GOALS, AND OBJECTIVES

04:06:14 SEN. SONJU referred the members to the Mission, Goals, and Objectives statement (EXHIBIT 4). Mr. Bohyer read aloud the proposed mission statement. There was no discussion. **REP. HOLLENBAUGH moved to approve the mission statement. The motion passed on a unanimous voice vote. SEN. CAFERRO voted REP. WILLIAMS' proxy (Attachment 4).**

04:08:53 Mr. Bohyer read aloud the proposed goal. There was no discussion. **SEN. WANZENRIED moved to adopt the goal language. The motion passed on a unanimous voice vote. SEN. CAFERRO voted REP. WILLIAMS' proxy (Attachment 4).**

04:10:40 Mr. Bohyer read aloud the three proposed objectives. There was no discussion. **SEN. WANZENRIED moved to adopt the three objectives as worded with the understanding that they may be modified or additional objectives added as needed.** SEN. KEANE said that the SCEG must be aware of politically sensitive subjects in its work and take care not to allow the committee to be used in a political manner. **The motion carried on a unanimous voice vote. SEN. CAFERRO voted REP. WILLIAMS' proxy (Attachment 4).**

04:14:52 SEN. SONJU appointed a Work Plan Subcommittee: himself as chair; and SEN. WANZENRIED, SEN. CAFERRO, REP. BLASDEL, REP. HOLLENBAUGH, and REP. EHLI as members. SEN. SONJU said that Mr. Bohyer has prepared a draft work plan and suggested beginning with that. Mr. Bohyer said he would email the draft to members but could also provide paper copies.

Public Comment

04:18:58 There was no public comment.

BUDGET REPORT

04:19:06 Mr. Bohyer discussed an SCEG budget status report (EXHIBIT 5).

COMMITTEE DISCUSSION OF WORK PLAN AND INSTRUCTIONS TO STAFF

- 04:21:04 SEN. SONJU said the SCEG will meet next on November 15 and 16, 2011, in Great Falls at Benefis Hospital. Mr. Bohyer said it would be helpful to staff, agencies, and the public if the scope and intent of the meeting was published in advance, particularly regarding the Medicaid Subcommittee.
- 04:25:40 REP. NOONAN said that other Medicaid providers will have the opportunity to provide comment and ideas. He said he would meet with staff to compile and prioritize tasks in a draft a work plan. SEN. SONJU said the IT Subcommittee would take a similar approach. Mr. Bohyer said that would be helpful.
- 04:27:21 SEN. SONJU asked Mr. Bohyer to review action items for the next meeting. Mr. Bohyer listed the following:
- check with Washington State regarding the cost savings obtained through crackdowns on Medicaid self-improvement to get Medicaid care and an estimate of savings to the State of Montana if similar legislation is enacted;
 - invite Mary Dalton, DPHHS, to review Medicaid optional services;
 - SEN. WANZENRIED's request for DPHHS to discuss what efficiencies are already in place;
 - REP. NOONAN's request for a full copy of the DPHHS 2004 Medicaid Redesign Report;
 - REP. HOLLENBAUGH's request for information on what the current cost is to operate the MMIS;
 - SEN. SONJU's requests for model legislation requiring relocating or migrating free-standing systems to the state data center and a presentation from the MUS on their current IT systems and future plans, including the potential for the MUS to migrate to the SMDC; *(It was agreed that this issue would be handled by the IT Subcommittee)*
 - SEN. SONJU's request for a summary of recommendations made by the IT Panelists and to identify cost savings associated with those recommendations;
 - a breakdown of specific cost savings, should the MUS migrate to the SMDC;
 - work with Cablevision staff and committee members to determine audio and visual streaming capabilities to ensure availability of full broadcasts of out-of-town meetings; and
 - the Healthcare/Medicaid Subcommittee and the Work Plan Subcommittees will meet prior to the full SCEG and staff will work with each on respective agendas.
- 04:37:11 SEN. CAFERRO said she would pass along LSD staff Sue O'Connell's research on fraud and abuse in Medicaid.
- 04:39:19 Ms. Smith asked if the Committee wanted the IBM study on savings. SEN. SONJU asked if a summary could be provided to the members. Ms. Smith said she would provide the executive summary from the study.
- 04:40:29 SEN. WANZENRIED discussed his concerns about the expectations of the SCEG and the actual outcomes of its work, and the need to clarify what the end result is to be. SEN. SONJU said it is his hope that many efficiencies will be found and that recommendations put forth by the SCEG will be supported in the 2013 Legislature.

ADJOURNMENT

04:45:07 SEN. SONJU adjourned the meeting at 2:28 p.m. The next meeting of the Select Committee on Efficiency in Government is scheduled for November 15 and 16, 2011, in Great Falls, Montana.

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