

# QUARTERLY REPORT – APRIL 2013

## UIA INTEGRATED SYSTEM PROJECTS

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### SUMMARY

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The State of Michigan's Department of Licensing and Regulatory Affairs (LARA), Unemployment Insurance Agency (UIA) has embarked on a multi-year System Integration Project to complete a comprehensive and complex rewrite of Michigan's current Unemployment Insurance (UI) systems. A modernized, integrated system will provide real-time data sharing across functions, increase productivity, enhance customer service and ease of use, and provide flexibility in complying with changing federal mandates and other requirements. The UIA provides critical, bi-weekly, economic support for Michigan workers and their families, many of whom rely exclusively on their unemployment compensation for daily living expenses.

The UIA-Integrated System (UIA-IS) project will replace the 25+ year old legacy mainframe system and all the various ancillary applications used by UIA to deliver customer service to Michigan businesses and citizens. Through a competitive Request for Proposal (RFP) procurement process, the State selected FAST Enterprises to configure and implement their GenTax commercial-off-the-shelf (COTS) application. This COTS solution – referred to as Michigan Integrated Data Automated System (MiDAS) - will replace the current tax and benefits mainframe system. The design, development and implementation project started on August 29, 2011 and will run for three (3) years. The Tax System component was successfully implemented into Production on August 13, 2012. The Benefits component is on-schedule to be installed in September 2013. The fully integrated Unemployment System (UI) will then enter a one-year warranty period, followed by up to seven (7) years of maintenance and support.

To achieve these objectives, UIA and its state partner agency, the Department of Technology, Management and Budget (DTMB) contracted with CSG Government Solutions (CSG) to provide full-time, on-site Project Management to oversee this comprehensive and complex project, and to function as the overall Project Control Office (PCO) over the following projects:

- UIA MiDAS Project
- HB4408 - compliance with House Bill 4408, Benefit Payment Control (BPC) Detection and Collection Process Improvements
- Integrity Initiative – Enterprise Fraud Detection System (EFDS)
- Interactive Voice Response (IVR) Systems Replacement and Software Upgrades
- UIA Call Center Study

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### STATUS

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#### UIA Michigan Integrated Data Automated System (MiDAS)

The UIA MiDAS met its schedule and implemented the Phase I - Tax application on August 13<sup>th</sup>, 2012. This phase of the project was completed on-scope, on-schedule and on-budget.

The MiDAS application has been operating successfully in Production for over eight (8) months, with minor issues. Some 987 UIA requirements and 3,658 rules were incorporated into the MiDAS Tax application. The Employer facing component – Michigan Web Account Manager (MiWAM) – now has over 53,248 Employers utilizing the on-line application.

The Benefits application (Phase II of the project) completed planning and overview sessions late last year, and is now in the Design/Definition stage. An additional 571 Requirements and 3,321 Rules are being reviewed and discussed as the project moves through the Benefit functionality. State Business Analysts have recently started System Testing on the early developed modules. Benefit conversion, data purification activities, and development of Interfaces is also underway.

In January 2013, the project successfully upgraded the Tax production environment from client/server to web-based. This maintenance and support upgrade from the COTS vendor is providing enhanced functionality and a robust user interface.

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### House Bill 4408 - Benefit Payment Control (BPC) Detection and Collection Process Improvements

UIA contracted with On Point Technologies to implement their COTS recover collections software solution. The project started in May 2011 and was implemented into Production in September 2011. UIA has also implemented detection/collection process improvements and has shown a 33% increase in collections (\$27.3M for 2010 vs. \$35.3M for 2012) when compared year-over-year for the past two years. This project is 100% complete and in maintenance and support.

Additionally, CSG Government Solutions – which manages the Project Control Office (PCO) provided an evaluation of BPC processes and completed a report of recommendations for improvements based on best practices and additional state research. These recommendations are being incorporated into the UIA MiDAS and EFDS projects as applicable.

### Interactive Voice Response (IVR) System Replacement and Upgrades

The Interactive Voice Response (IVR) project is occurring in two phases. The first phase was an upgrade of the existing call center hardware and is now 100% complete, with UIA and DTMB having replaced the MARVIN and Telephone Filed Claims (TFC) hardware systems in July 2012. The old hardware and telecomm lines have been decommissioned.

The second phase is for the call center and IVR software platforms to be upgraded. Working with Genesys (TFC) and Centurion (MARVIN), the upgrade vendors, the project completed the Discovery, Business Requirements and Technical Design phases in the May – August 2012 time frame. Due to UIA program changes and MiDAS project implementation decisions, both the TFC and MARVIN Business Requirements and Technical Designs were reviewed again and updated in January – February 2013.

An independent study of the overall existing call center telephone Public Branch Exchange (PBX) and Auto Call Distribution (ACD) architecture has concluded, and a report was provided to the State. Much of the existing PBX/ACD equipment is antiquated and, as such, short term solutions are being implemented to allow the interface of the existing PBX/ACD phone equipment to the TFC & MARVIN upgraded IVR systems.

The project is moving into the Build & Deploy phase, so that all IVR changes will be in production prior to MiDAS going live.

### Integrity Initiative - Enterprise Fraud Detection System (EFDS) Project

The purpose of the EFDS project is to implement a commercial-off-the-shelf (COTS) software solution able to provide fraud detection based on State and Federal guidelines. The goals are to: reduce the percentage of UI and public assistance benefits paid due to fraud; identify and report fraud characteristics by individuals or groups based on information derived from multiple sources; and recognize patterns in data that reveal organized attempts to defraud the unemployment and public assistance systems.

In December 2011 UIA hosted “spotlight” sessions whereby six vendors provided demonstrations of their systems. The RFP was released in February 2012. Four bidders responded to the RFP. The procurement process was placed on hold, while requirements from the Departments of Human Services (DHS) and Community Health (DCH) were developed and incorporated into a re-release of the RFP. Proposals were evaluated and oral presentations were held in July 2012. Proposals and pricing were reviewed and scored by joint evaluation committee (JEC) members from DTMB, DCH, DHS and UIA. The JEC made its vendor recommendation in October, with the reviewed/approval of the contract funding by the State Administrative Board (AD Board) received in December 2012.

The project started in January 2013, and is working with the DHS Food Assistance Program (FAP) to be the 1<sup>st</sup> implementation, scheduled for the August-September 2013 time frame. The implementation of the UIA fraud detection components is scheduled to start in the 4<sup>th</sup> quarter of 2013.

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### APPROVED BUDGET (as of February 28, 2013)

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Total Project Budget = \$ 69,427,524

Expenditures to Date = \$ 26,971,813