

SUMMARY

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 provides real-time data sharing across functions, increases productivity, enhances customer service and ease of use, and provides 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 replaces 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 internally as Michigan Integrated Data Automated System (MiDAS) - replaces the current tax and benefits mainframe system, as well as several server based support applications. The design, development, and implementation project started on August 29, 2011. The tax system component was successfully implemented into production on August 13, 2012. The benefits component was successfully implemented into production on September 30, 2013. The fully integrated unemployment system is now in a one-year warranty period, to be followed by up to seven (7) additional years of maintenance and support.

The UIA and the Department of Technology, Management, and Budget (DTMB), in conjunction with our PCO vendor CSG Government Solutions (CSG), continue to provide full-time, on-site, project management to oversee this comprehensive and complex project, and to oversee the additional initiatives that are integrated with this effort:

- 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
- News Initiatives involving Public Act 138 and 241 of 2014

STATUS

UIA Michigan Integrated Data Automated System (MiDAS)

The UIA MiDAS project met its schedule and implemented the phase I tax application on August 13, 2012; phase II benefits was implemented on September 30, 2013. The project was completed within scope, on schedule, and under budget.

The fully integrated tax and benefits MiDAS application has been operating successfully in Production for over six (6) months and the tax application operated independent of benefits application for over 13 months prior to that. Only minor issues were encountered with each release.

Some 987 UIA requirements and 3,658 business rules were incorporated into the MiDAS tax application. The employer facing component – Michigan Web Account Manager (MiWAM) – now has over 88,412 employers utilizing the on-line application (up from 78,582 at the end of 2013).

The benefits application added 571 UIA requirements and 3,321 business rules to the now integrated application. The public facing components of MiWAM has over 446,163 claimants utilizing the application (up from 376,516 at the close of 2013).

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During the current warranty period, minor defects and improvements are being addressed as well as lower priority requirements that were deferred during the initial build and design phases of the project. One of improvements provided by MiDAS is that the new system identifies potential issues earlier creating more work for staff follow-up. The resulting work backlog is divided into two aspects: benefits and tax related work. An analysis of UIA tax work yielded recommendations that resulted in a 26% reduction of backlogged work since August 2013. To address the backlogged tasks related to UIA benefit operations, the UIA has assembled a team focused on reducing backlogged work through improved business processes and increased automation within MiDAS. These efforts are beginning to yield results by removing and reducing specific work items not impacting claimant payments or Agency integrity.

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 and 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 software solution was a temporary measure and was replaced by the functionality provided by MiDAS on September 30, 2013.

Interactive Voice Response (IVR) System Replacement and Upgrades

The Interactive Voice Response (IVR) project occurred in two phases. The first phase, an upgrade of the existing call center hardware, was 100% complete in July, 2012. The old hardware and telecomm lines have also been decommissioned.

The second phase was an upgrade of the call center and IVR software platforms. Working with Genesys, the upgrade vendor, the project completed the discovery, business requirements, technical design phases and implemented to production concurrently with the MiDAS Benefits implementation on September 30, 2013.

The final phase of the IVR upgrades, completed in May of 2014, provide Virtual Hold Technology to enhance the customers' experience by allowing the option of an automated call-back versus waiting on hold. This feature has seen ready adoption from the public, with average acceptance of VHT service of over 70 % versus waiting on the phone. The UIA's completed call volumes have also increased due to gained efficiency.

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 public assistance benefits paid due to fraud, waste, and abuse; 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 unemployment insurance and other public assistance systems.

A Request for Proposal (RFP) was initially released in February, 2012, and was re-released in June after requirements from the Departments of Human Services (DHS) and Community Health (DCH) were developed and incorporated into the RFP. SAS, Inc. was then selected as the vendor to provide fraud analytics and alerts for the project.

The project started in January, 2013, and is working with the DHS Food Assistance Program (FAP) to be the 1st implementation, scheduled for August, 2014. To date FAP and SAS have developed the basis for the analytics and alerts for the fraud systems that were finalized in the first quarter of 2014.

The implementation of the Unemployment Insurance Agency (UIA) fraud detection components started in December, 2013, with the project team currently working on data requirements and staging. Implementation is scheduled for the end of 2014.

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DCH will begin their efforts in early 2014 with an analysis of the DCH eligibility and DCH provider areas for inclusion in EFDS. Workers Compensation, Treasury, Department of State, and Civil Service Departments are currently reviewing their participation in 2014.

New Public Acts

Public Act 138, the change in the state minimum wage, adjusts the thresholds of claim eligibility and qualification and that implementation effort is underway. Public Act 241, which modifies the current exclusions, is also underway. Both modification efforts are on time to meet the deadlines as specified by the legislation.

APPROVED BUDGET (as of June 30, 2014)

Total Project Budget = \$ 69,427,524

Expenditures to Date = \$44, 400,558