# PRESENTATION TO THE 2025 JOINT APPROPRIATIONS COMMITTEE ON LONG-RANGE PLANNING

## TECHNOLOGY SERVICES DIVISION

**Greg Gianforte, Governor** | **Charlie Brereton, Director**

DEPARTMENT OF
**PUBLIC HEALTH &
HUMAN SERVICES**

MONTANA
DPHHS

# Table of Contents

# OVERVIEW

The Montana Department of Public Health and Human Services (DPHHS) is requesting seven Long Range Information Technology (LRIT) projects for inclusion in the FY2027B House Bill 10 (HB10) budget. These projects aim to enhance customer experiences, replace legacy systems, modernize IT infrastructure, support cloud migration efforts, and provide Independent Validation and Verification services (IV&V) as mandated by federal cognizant agencies.

DPHHS is requesting $7,895,806 of LRIT project funding for FY2027B, which is reflected in the table below.

$6,065,155  - Federal
$1,830,651 – General Fund
**$7,895,806 Total**

| | | SSR | Fed | State | | M&O Estimate |
|---|---|---|---|---|---|---|
| **Division** | **Project Name** | **02xxx** | **03xxx** | **05xxx** | **TOTAL** | **(Non-Budgeted)** |
| CFSD | CCWIS IV&V Services | | $ 375,000 | $ 375,000 | $ 750,000 | $ - |
| CSSD | SEARCHS Replacement IV&V Services | | $ 561,000 | $ 289,000 | $ 850,000 | $ - |
| CSSD | State Directory of New Hires | | $ 461,426 | $ 237,704 | $ 699,130 | $ 142,605 |
| HCSD | Secure Data Connections for Montana | | $ 486,391 | $ 208,436 | $ 694,827 | |
| HCSD | [1]Public Benefits System Efficiency Modernization | | $ 1,043,890 | $ 447,343 | $ 1,491,233 | $ 1,200,000 |
| HCSD | Improving Timeliness of Public Benefit Recipient Notifications | | $ 637,448 | $ 273,168 | $ 910,616 | |
| SLTC | Legacy System Replacements | | $ 2,500,000 | | $ 2,500,000 | $ 600,000 |
| | **Total** | $ - | $ 6,065,155 | $ 1,830,651 | $ 7,895,806 | $ 1,942,605 |

Table title: **DPHHS FY2027B LRIT Request/HB10**

[1] The $1.2M estimated M&O for CHIMES/HCSD projects supports all 3 CHIMES-EA projects included in this request.

# REQUEST FOR IV&V SERVICES FOR THE CCWIS REPLACEMENT PROJECT

IV&V services are essential for the successful implementation of CCWIS. They ensure compliance with federal standards, enhance system quality, and reduce risks by independently evaluating project processes and deliverables. IV&V also enables early issue detection, improves cost efficiency, and strengthens stakeholder confidence, leading to a more reliable and effective child welfare system.

Federal funding for the Comprehensive Child Welfare Information System (CCWIS) is at risk, with the program valued at approximately $31 million, half of which comes from federal sources. Delivering a compliant CCWIS system on budget and within approved timelines is critical to maintaining funding. To ensure compliance, the CCWIS team must undergo Technical Assistance (TA) reviews, during which federal partners assess whether the system meets CCWIS requirements. IV&V is a proven approach to improving success in these reviews.

IV&V services will ensure the state's investment in the CCWIS system is federally compliant and aligns with the intended design and scope of the system, which serves:

- 1,000 internal CFSD staff
- 20,000 clients (children and families)
- 2,000 child welfare providers
- 500 legal and court users
- Public/concerned citizens

**Benefits and Efficiencies**

a. **Objective Assessment**: Provides an unbiased third-party evaluation of development processes and deliverables, ensuring adherence to standards and requirements.

b. **Early Issue Detection**: Identifies issues early in the development lifecycle, minimizing rework and delays.

c. **Regulatory Compliance**: Ensures the system meets federal and state requirements, avoiding penalties and securing federal funding.

d. **Risk Mitigation**: Identifies and mitigates risks associated with implementation, ensuring smoother deployments.

e. **Enhanced Stakeholder Confidence**: Builds trust among federal and state stakeholders by demonstrating commitment to quality and compliance.

f. **Quality Assurance**: Enhances system quality by ensuring compliance with best practices, standards, and regulations.

g. **Enhanced Project Management**: Provides valuable insights for improving project management and governance, resulting in better control over timeline and budget.

h. **Continuous Improvement**: Promotes continuous improvement in business processes and practices through regular reviews and feedback.

i. **Improved Decision Making:** Offers objective visibility into project progress and quality for better decisions.

j. **Error Reduction:** Reduces requirements and fit-gap analysis errors, increasing the likelihood of project success.

## The Impact of Not Funding IV&V Services

Federal funding is potentially at risk for the entire CCWIS program, valued at approximately $31 million, half of which is federally funded. The build of a compliant CCWIS system within budget and approved timelines is critical to the success and delivery of this system.

## Sources

Children's Bureau Capacity Building Center for States, "An Overview of Independent Verification and Validation Services for Child Welfare Information Systems Development," *capacity.childwelfare.gov, An Overview of Independent Verification and Validation Services for Child Welfare Information Systems Development*

## Funding Request and Summary: $750,000

| | | Fed | State | | |
|---|---|---|---|---|---|
| | | | | TOTAL HB10 | M&O Estimate |
| Division | Project Name | 03xxx | 05xxx | Request (DDI) | (Non-Budgeted) |
| CFSD | CCWIS IV&V Services | $ 375,000 | $ 375,000 | $ 750,000 | $ - |

*DPHHS FY2027B LRIT Request/HB10*

**M&O Estimate**: $0 – *M&O does not apply to IV&V services.*

# REQUEST FOR IV&V SERVICES FOR THE SEARCHS REPLACEMENT PROJECT

The Federal Office of Child Support Services (OCSS) has mandated that the State of Montana procure Independent Verification and Validation (IV&V) services for the replacement of the SEARCHS system used by the Child Support Services Division (CSSD). In February 2024, OCSS designated the SEARCHS replacement project as high-risk, requiring the state to implement IV&V services.

Under 45 CFR 307.15(b)(10), states must conduct IV&V for their Child Support Enforcement systems. This process ensures that an independent party evaluates and verifies the system's design, development, and implementation for accuracy and effectiveness. The regulation is intended to ensure state systems remain reliable, efficient, and compliant with federal requirements, ultimately strengthening Child Support Enforcement programs.

IV&V services are critical for maintaining compliance with 45 CFR 307.15(b)(10) and preserving eligibility for enhanced federal financial participation (FFP) for the SEARCHS replacement system.

a. **Objective Assessment**: Provides an unbiased third-party evaluation of development processes and deliverables, ensuring adherence to standards and requirements.

b. **Early Issue Detection**: Identifies issues early in the development lifecycle, minimizing rework and delays.

c. **Regulatory Compliance**: Ensures the system meets federal and state requirements, avoiding penalties and securing federal funding.

d. **Risk Mitigation**: Identifies and mitigates risks associated with implementation, ensuring smoother deployments.

e. **Enhanced Stakeholder Confidence**: Builds trust among federal and state stakeholders by demonstrating commitment to quality and compliance.

f. **Quality Assurance**: Enhances system quality by ensuring compliance with best practices, standards, and regulations.

g. **Enhanced Project Management**: Provides valuable insights for improving project management and governance, resulting in better control over timeline and budget.

h. **Continuous Improvement**: Promotes continuous improvement in business processes and practices through regular reviews and feedback.

i. **Improved Decision Making**: Offers objective visibility into project progress and quality for better decisions.

j. **Error Reduction**: Reduces requirements and fit-gap analysis errors, increasing the likelihood of project success.

## The Impacts of Not Funding IV&V Services

In February 2024, the OCSS mandated that the State of Montana procure an IV&V vendor as a condition for system replacement and continued project funding. IV&V is required to ensure the system's design and implementation meet federal certification guidelines. Without completing IV&V, the system cannot be certified, placing the program's federal matching funds at risk.

## Funding Request and Summary: $850,000

| | | SSR | Fed | State | | M&O Estimate |
|---|---|---|---|---|---|---|
| | | | | | | (Non-Budgeted) |
| Division | Project Name | 02xxx | 03xxx | 05xxx | TOTAL | |
| CSSD | SEARCHS Replacement IV&V Services | | $ 561,000 | $ 289,000 | $ 850,000 | $ - |

*DPHHS FY2027B LRIT Request/HB10*

**M&O Estimate: $0** – *M&O does not apply to IV&V services.*

# REQUEST FOR STATE DIRECTORY OF NEW HIRES

The State Directory of New Hires (SDNH) system helps the Child Support Services Division (CSSD) locate non-custodial parents and identify their income sources, ensuring timely and efficient child support payments to families.

Originally built between 1995 and 1997 by a third-party vendor (BDM) and hosted by the Department of Revenue, the system was transferred to DPHHS in 2007. At that time, daily processing was automated, and the fax-based interface was replaced with an employer web-entry system.

Upgrading to a modern system is essential to maintain compliance, improve operational efficiency, and enhance security. A new system will accelerate payment processing and strengthen fraud detection and prevention.

## Benefits and Efficiencies
### Enhanced Child Support Enforcement

- **Timely Identification of Employment:** Enables the timely identification of newly hired employees who owe child support, facilitating quicker income withholding.

- **Increased Collections:** Enhances the efficiency of child support collections by ensuring that income withholding orders are promptly directed to the correct employers.

### Fraud Detection and Prevention
- **Unemployment Insurance Fraud:** Helps identify individuals fraudulently collecting unemployment benefits while employed.

- **Public Assistance Fraud:** Detects individuals who may be unlawfully receiving public assistance benefits while employed, thereby reducing fraudulent claims.

### Compliance and Enforcement
- **Tax Compliance:** Assists in enforcing tax laws by providing timely information to state tax agencies about new employees.

- **Law Enforcement:** Aids law enforcement agencies in locating individuals for various legal purposes, including criminal investigations.

### Program Integrity
- **Accuracy of Benefits:** Ensures the accuracy and integrity of various state-administered benefit programs by verifying employment status and income.

- **Eligibility Verification:** Supports the verification of eligibility for programs such as Medicaid, food stamps, and housing assistance.

### Cost Savings
- **Reduction in Overpayments:** Minimizes overpayments in unemployment insurance and other benefit programs by providing timely employment data.

- **Administrative Efficiency:** Streamlines administrative processes by reducing the need for manual verification and improving data sharing between agencies.

### Employer Benefits
- **Simplified Reporting:** Provides a centralized system for employers to report new hires, streamline the reporting process, and ensure compliance with federal and state laws.

### Public Benefits
- **Better Resource Allocation:** Helps allocate resources more efficiently by identifying and addressing fraud, waste, and abuse in public assistance programs.

**The Impact of Not Funding the State Directory of New Hires**

Without funding, the CSSD risks losing regulatory compliance, federal financial support, and the opportunity to improve service delivery and fraud prevention. The existing

DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

system is outdated and at the end of its service life. Replacing the SDNH will increase efficiency and enhance data quality and reporting.

**Funding Request and Summary: $699,130**

| | | Fed | State | | |
|---|---|---|---|---|---|
| Division | Project Name | 03xxx | 05xxx | TOTAL HB10 Request (DDI) | M&O Estimate (Non-Budgeted) |
| CSSD | State Directory of New Hires | $ 461,426 | $ 237,704 | $ 699,130 | $ 142,605 |

*DPHHS FY2027B LRIT Request/HB10*

**M&O Estimate**: $142,605

# REQUEST FOR SECURE DATA CONNECTIONS FOR HCSD PROGRAMS

**Non-Technical Summary**

This project will upgrade the system, enabling Montana's benefits programs to securely share information with state and federal partners. The current system is outdated and presents security risks. Upgrading it will ensure more reliable service, improved monitoring, and enhanced protection against cyber threats. DPHHS programs could face operational disruptions and heightened security vulnerabilities without this update.

**Technical Summary**

Montana's combined eligibility system (CHIMES) currently operates on-premises using the community edition of Mule ESB, a middleware product no longer supported by modern technologies or security updates. Migrating to a new ESB with an updated technology stack would provide a scalable, robust, and easy-to-maintain solution capable of meeting CHIMES's current and future needs.

The CHIMES application supports the SNAP, TANF, Medicaid, and LIHEAP programs and is maintained by the Human and Community Services Division (HCSD), the Technology Services Division (TSD), and the State Information Technology Services Division (SITSD). Mule ESB serves as the middleware that enables CHIMES to securely exchange data with external vendors, including federal and state agencies.

**Benefits and Efficiencies**

Upgrading the ESB server to a modern version would enhance the value of current investments and reduce long-term maintenance costs. The existing ESB lacks sufficient monitoring and alert capabilities, resulting in potential operational downtime. An upgraded ESB would improve these capabilities, ensuring more reliable operations.

Additionally, outdated technology stacks present significant security risks, which the proposed upgrades would effectively mitigate.

**The Impact of Not Funding the Project**
The current CHIMES Mule ESB stack is built on outdated product versions that lack support for advanced features and new security patches. Failure to upgrade would limit the functionality of the CHIMES application, affecting its availability to internal and external vendors. Without modernization, the outdated technology would continue exposing the system to security vulnerabilities, posing risks to operations and data integrity.

**Funding Request and Summary: $694,827**

| DPHHS FY2027B LRIT Request/HB10 | | | | | | |
|---|---|---|---|---|---|---|
| | | SSR | Fed | State | | M&O Estimate (Non-Budgeted) |
| Division | Project Name | 02xxx | 03xxx | 05xxx | TOTAL | |
| HCSD | Secure Data Connections for Montana | | $ 486,391 | $ 208,436 | $ 694,827 | |

**M&O Estimate:** The M&O estimate is included under the *Public Benefits System Efficiency Modernization* project line item but supports all three HCSD funding line items in this request.

# REQUEST FOR PUBLIC BENEFITS SYSTEM EFFICIENCY MODERNIZATION

**Non-Technical Summary**
Migrating CHIMES to a modern and cost-effective technology platform will save the state money on licensing fees, reduce the risk of system failures, and mitigate long-term financial burdens associated with outdated tools. This project will prevent service interruptions and eliminate the need for costly support extensions for aging products.

**Technical Summary**
The CHIMES system, supported by TSD and SITSD, includes two key portals: the Worker Portal, used by approximately 650 state caseworkers, and the Citizen Portal, which serves about 250,000 Montana residents. These portals are critical for processing benefits and supporting families across the state.

The CHIMES system provides essential services that enable the Department to meet the needs of Montana residents. The system requires a more robust and reliable infrastructure to ensure scalability and business continuity. Modernization will also

reduce long-term ownership costs, giving the Department greater flexibility through the funds saved.

Currently, CHIMES operates on-premises using expensive, licensed products. Migrating to a JBoss Application Server would reduce costs while enhancing reliability, scalability, and agility. Additionally, many current software and tools are nearing the end of their life cycles or face vendor discontinuation, making replacements essential. Updating to modern versions will prevent system downtime and eliminate the need for extended support for outdated products.

### Benefits and Efficiencies

Migrating to more affordable application servers will provide a return on investment by reducing licensing and maintenance costs. Modern application servers are cost-effective and more secure, as they include regular updates and patches that address vulnerabilities found in older technology stacks. These upgrades will also enhance system scalability, allowing CHIMES to adapt to future demands and integrate with emerging technologies.

By transitioning to a modern infrastructure, the Department can improve operational efficiency through better system reliability and proactive monitoring tools; this will minimize downtime and ensure that Montana families relying on HCSD services experience uninterrupted access to critical benefits.

### The Impacts of Not Funding the Project

If the CHIMES system isn't updated, it will cost more to keep it running and leave it vulnerable to security risks. The outdated technology will require expensive support contracts to stay operational, and the state will continue paying high fees for older systems instead of switching to more affordable options. These older systems are also more likely to be targeted by cyberattacks because they don't receive regular security updates.

Without these upgrades, the CHIMES system may not keep up with future needs, which could cause delays or interruptions in getting benefits to Montana families. It also won't be able to work with new tools and technologies easily, making it harder for the department to provide services efficiently.

**Funding Request and Summary**: $1,491,233

| | | SSR | Fed | State | | M&O Estimate |
|---|---|---|---|---|---|---|
| **DPHHS FY2027B LRIT Request/HB10** | | | | | | |
| Division | Project Name | 02xxx | 03xxx | 05xxx | TOTAL | (Non-Budgeted) |
| HCSD | [1]Public Benefits System Efficiency Modernization | | $1,043,890 | $ 447,343 | $ 1,491,233 | $ 1,200,000 |

**M&O Estimate:** $1,200,000

[1] *The $1.2M estimated M&O for HCSD/CHIMES supports all 3 CHIMES projects included in this HB10 request.*

# REQUEST FOR IMPROVING TIMELINESS OF PUBLIC BENEFIT RECIPIENT NOTIFICATIONS

## Non-Technical Summary

This project will update the system that generates official benefit notices for Montana residents. The current software is becoming obsolete and will no longer receive updates. Upgrading will ensure that residents continue to receive important notices on time and that the system remains secure. Failure to upgrade could result in service disruptions or costly support fees for outdated technology.

## Technical Summary

The CHIMES-EA system provides critical services that enable the Department to support Montana residents through programs such as SNAP, TANF, Medicaid, and LIHEAP. A key component of CHIMES-EA is OpenText, a tool used to generate and send notices to residents, ensuring compliance with state and federal policy requirements.

The CHIMES application features two portals: the Worker Portal, used by state caseworkers to manage cases, and the Citizen Portal, accessed by Montana residents to apply for and manage benefits. OpenText facilitates correspondence for both portals, generating notices that communicate case updates, benefit decisions, and other essential information to residents.

Currently, CHIMES relies on OpenText version 8, which is nearing the end of its lifecycle and will be sunset in the coming years. To avoid service disruptions, the Department must upgrade to a newer version of OpenText. Failure to update will either halt notice generation, impeding the Department's ability to meet federal and state guidelines or require costly extended support contracts for the outdated version. By upgrading, HCSD can ensure uninterrupted notice generation, maintain compliance, and avoid unnecessary expenses associated with obsolete software.

## Benefits and Efficiencies

Upgrading OpenText will ensure the software remains within the vendor's supported versions, eliminating the need for costly customized support for an end-of-life product. The updated version of OpenText introduces new features, such as enhanced monitoring and alert capabilities, improving HCSD's ability to identify and address issues proactively. These upgrades will enhance operational efficiency, reduce downtime, and strengthen system reliability.

## Impacts of Not Funding the Project

If funding is not secured, the current version of OpenText used by CHIMES-EA will reach its end-of-life, potentially leading to disruptions in notice generation. This would impact the Department's compliance with state and federal guidelines for communicating case updates to residents. To maintain functionality, the Department would need to purchase expensive extended support contracts for the outdated version, which provides no long-term value.

Additionally, unsupported technology is more vulnerable to security risks, including potential breaches or data loss. Upgrading to a supported version mitigates these risks and ensures the system remains secure, reliable, and compliant with modern standards.

## Funding Request and Summary: $910,616

| DPHHS FY2027B LRIT Request/HB10 | | | | | | |
|---|---|---|---|---|---|---|
| | | SSR | Fed | State | | M&O Estimate |
| Division | Project Name | 02xxx | 03xxx | 05xxx | TOTAL | (Non-Budgeted) |
| HCSD | Improving Timeliness of Public Benefit Recipient Notifications | | $ 637,448 | $ 273,168 | $ 910,616 | |

**M&O Estimate:** The M&O estimate is included under the *Public Benefits System Efficiency Modernization* project line item but supports all three HCSD funding line items in this request.

# REQUEST FOR LEGACY SYSTEM REPLACEMENTS

This proposal seeks funding to replace three outdated and inefficient legacy data systems within the Senior and Long-Term Care Division (SLTC). The project aims to develop a unified system or implement three integrated individual systems, depending on the most feasible and cost-effective solution identified during the planning phase. These replacements will modernize SLTC's operations, enhance data security, and ensure compliance with federal program requirements.

**Legacy Systems Targeted for Replacement**

1. **CAPSTONE – OAA ADRC and SHIP Data System:**
   Supports the Older Americans Act (OAA), Aging and Disability Resource Center (ADRC), and the State Health Insurance and Assistance Program (SHIP). Used for data collection and grant reporting for these critical federal programs.

2. **LEAPS Ombudsman Data System:**
   Supports the Long-Term Care State Ombudsman Program by collecting and reporting data to the National Ombudsman Reporting System (NORS) and ensuring compliance with OAA requirements.

3. **LEAPS Legal Services Developer Program (LSDP) Data System:**
   Manages legal services cases, ensures accurate reporting, and supports the Legal Services Developer Program, reducing legal risks and improving service delivery for older adults.

**Federal Programs Supported**

- Older Americans Act (OAA)
- State Health Insurance and Assistance Program (SHIP)
- Aging Disability Resource Center (ADRC)
- Area Agencies on Aging (AAA)
- Long-Term Care State Ombudsman Program
- Legal Services Developer Program

**Expected Benefits and Efficiencies**

- **Improved Data Quality and Reporting:** Accurate, reliable data collection and reporting that meets federal standards and supports better decision-making.

- **Increased Staff Efficiency:** Reduced manual work and administrative burden, enabling staff to focus on direct services and program oversight.

- **Compliance with Federal Requirements:** Full adherence to reporting standards to protect funding and minimize risks of non-compliance.

- **Enhanced Service Delivery:** More efficient resource allocation improves services for Montana's aging population and caregivers.

Technology Services Division | 2027B Long-Range Planning (HB10)

DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES
MONTANA
DPHHS

**Risks of Not Funding**

- **Data Quality and Compliance Challenges:** The continued use of outdated systems will lead to inaccuracies in data and federal reporting, increasing the risk of penalties and potential loss of funding.

- **Operational Inefficiencies:** Staff will face ongoing administrative burdens, diverting time from essential oversight and direct service activities.

- **Legal Risks:** Ineffective case management systems for legal services could expose the state to professional liability and undermine the delivery of critical legal support

- **Increased Costs**: Prolonged reliance on end-of-life systems will result in higher costs for maintaining outdated technology, including expensive support extensions.

**Funding Request and Summary: $2,500,000**

| | | Fed | State | | |
|---|---|---|---|---|---|
| | | | | TOTAL HB10 | M&O Estimate |
| Division | *Project Name* | 03xxx | 05xxx | Request (DDI) | (Non-Budgeted) |
| SLTC | Legacy System Replacements | $2,500,000 | | $  2,500,000 | $  600,000 |

*DPHHS FY2027B LRIT Request/HB10*

**M&O Estimate:** $600,000