

# Budget Change Proposal - Cover Sheet

Fiscal Year: 2020/21

Business Unit: 7350

Department: Department Industrial Relations

Priority Number: 5

Budget Request Name: 7350-011-BCP-2020-GB

Program: 6090 – DIV OF WORKERS’ COMPENSATION 9900100 – DIVISION OF ADMINISTRATION

Subprogram: [Click or tap here to enter text.](#)

Budget Request Description: Electronic Adjudication Management System Modernization

## Budget Request Summary:

The Department of Industrial Relations requests \$864,000 in Fiscal Year 2020/21 and \$333,000 in 2021/22 from the Workers’ Compensation Administration Revolving Fund for Project Approval Lifecycle resources to update and modernize the Division of Workers’ Compensation’s existing case management system. Initial project planning activities include requirements gathering, market research, and other stage 2 planning tasks.

Requires Legislation:  Yes  No

Code Section(s) to be Added/Amended/Repealed:

Does this BCP contain information technology (IT) components?  Yes  No

*If yes, departmental Chief Information Officer must sign.*

Department CIO Name: Ben Bonte

Department CIO Signature: Ben Bonte

Signed On Date: 1/10/20

*For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.*

Project Number: 7350-093

Project Approval Document: S1BA

Approval Date: 6/24/19 (LWDA)

If proposal affects another department, does other department concur with proposal?

Yes  No

*Attach comments of affected department, signed and dated by the department director or designee.*

Prepared By: Ben Bonte

Date: 1/10/20

Reviewed By: Courtney Monte

Date: 1/10/20

Department Director: Victoria Hassid, Chief Deputy Director

Date: 1/10/20

Agency Secretary: Julie A. Su

Date: 1/10/20

**Department of Finance Use Only**

Additional Reviews: Capital Outlay: ITCU: FSCU: OSAE:

Department of Technology:

PPBA: Danielle Brandon

Date submitted to the Legislature: 1/10/2020

## A. Budget Request Summary

The Department of Industrial Relations (DIR) requests \$864,000 in Fiscal Year 2020/21 and \$333,000 in 2021/22 from the Workers' Compensation Administration Revolving Fund to modernize the Division of Workers' Compensation's (DWC) current case management system, EAMS (Electronic Adjudication Management System), by targeting innovative case management solutions that will bring value to the organization through:

- Increased system capabilities and streamlined functions for Court Case Management, Claims Benefit Administration, Reporting and Data Analytics, and Document Management.
- High adaptability--easy for DIR staff to configure and deploy needed changes
- Improved access--supports mobile access and is compatible with multiple internet browsers
- Cost effective maintenance and operations

## B. Background/History

The DWC regulates the administration of workers' compensation claims, and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits. California workers' compensation is a no-fault system, a trade-off between employees and employers. Employees promptly receive the statutory workers' compensation benefits for on-the-job injuries, and in return, the workers' compensation benefits are the exclusive remedy for injured employees against their employer.

The court case management and claims benefit administration management functions are currently in EAMS, which currently supports approximately 7.5 million cases. The system is used primarily to manage the adjudication of benefit related issues, including the scheduling of hearings to review the issues brought before the DWC, and as a document intake/repository for case related court documents. EAMS is also used as a case management tool for the cases that fall under the jurisdiction of the Uninsured Employer Benefit Trust Fund and Subsequent Injury Benefit Trust Fund Units (UEBTF and SIBTF).

EAMS is made up of three integrated systems: Cúram (Case Management), FileNet (Document Repository) and Cognos (Reporting Tool). EAMS is currently licensed for 4,300 total users: 1,300 internal users and 3,000 external users. The internal business users of EAMS are staff of the Adjudication Unit (ADJ), Disability Evaluation Unit (DEU), UEBTF and SIBTF Units, Retraining and Return to Work Unit (RSU), the Special Adjudication Unit (SAU), Workers' Compensation Appeals Board (WCAB), Audit Unit, Medical Unit, DWC and DIR's Legal Units, and the Return to Work Supplemental

Program (RTWSP).

The external users of EAMS are Employers, Employer's Representatives, Claims Representatives, Defense Attorneys, Applicant's Attorneys, Injured Workers, Lien Claimants, Lien Claimant Representatives, Third Party Filers, and Software Vendors. They log into EAMS to look up case information and to file and manage important documents.

### Division of Workers' Compensation - Resource History

*Dollars in thousands*

<b>Program Budget</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Authorized Expenditures</b>	\$191,560	\$185,086	\$181,412	\$201,253	\$221,757
<b>Actual Expenditures</b>	\$175,575	\$181,677	\$177,915	\$192,607	N/A
<b>Authorized Positions</b>	1,033.6	1,029.6	1,026.6	1,068.6	1,056.3
<b>Filled Positions</b>	920.0	920.1	931.8	931.9	938.3
<b>Vacancies</b>	113.6	109.5	94.8	136.7	118.0

### Division of Administration - Office of Information Services - Resource History

*Dollars in thousands*

<b>Program Budget</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Actual Expenditures</b>	\$21,971	\$25,457	\$27,298	\$30,471	N/A
<b>Authorized Positions</b>	136.0	136.0	156.0	169.0	171.0
<b>Filled Positions</b>	128.0	140.4	148.4	154.7	157.8
<b>Vacancies</b>	8.0	-4.4	7.6	14.3	13.2

## C. State Level Considerations

This proposal is not expected to impact other departments.

## D. Justification

EAMS serves as DWC's court case management system and UEBTF and SIBTF's claims benefit administration tool. Through user feedback, ongoing cost analysis, consultative review, and maintenance and operations analysis, DWC's business and technical teams have determined that EAMS is nearing the end of its usefulness as a functional tool for the state's evolving workers' compensation system and must be significantly improved or replaced.

EAMS was planned in 2003, built in 2006-2007 and went live in August 2008. The prime vendor integrator, Deloitte Consulting, used a patchwork approach to build the system: Cúram for case management, FileNet as the document repository, and Cognos reporting software. The Cúram software was designed for an Irish social welfare system. Although DWC has been able to use some of the available Cúram functions, many processes are unique to the workers' compensation field and were not in Cúram's native features. Therefore, a large share of EAMS had to be significantly customized to accommodate DWC's requirements. Modifications to Commercial Off The Shelf (COTS) software make maintenance and upgrades difficult and expensive to maintain. The demands of EAMS pushes the limitations of Cúram's capabilities. This creates inefficient workflows, which results in many manual workarounds.

### EXISTING CHALLENGES:

It has been ten years since the deployment of EAMS and although the system is functioning, EAMS lacks some basic court case management and case benefit administration management capabilities.

The following are examples of issues that impact all business units using EAMS:

1. Lack of ability to Mass Re-assign Court Cases - When an EAMS internal user is no longer working on cases or is no longer with the department, their workload must be re-assigned. On average 3,000 to 5,000 cases are assigned to a user. The EAMS system requires manual single case reassignment to a new user. In 2018, there were 18 EAMS user accounts that were disabled or removed just from the ADJ and DEU units, which required a re-assignment of over 58,000 cases, one at a time. DIR DWC Business Units Impacted: ADJ, DEU, UEBTF, SIBTF, and RSU.
2. Unable to merge Court Cases - Duplicate cases exist, and business process indicates they should be merged with all the supporting case information, but the EAMS is unable to complete this task. EAMS lacks the requirements and validations to identify and manage duplicate cases. DIR DWC Business Units Impacted: ADJ, DEU, UEBTF, SIBTF, and RSU.
3. Manager unable to view or manage subordinate staff workload - 2nd and 3rd level

supervisors should be able to drill down to the 1st level supervisors as well as the staff under these 1st level supervisors. The lack of management's ability to view and manage the workload of 2nd and 3rd level subordinates results in delays in accessing and responding to needs for shifting workloads due to resources, and impacts ability to remain in compliance with mandated deadlines. DIR DWC Business Units Impacted: ADJ, DEU, RSU, UEBTF, and SIBTF.

4. Minimal Built-In System Report Creation Tools - The current configuration of Cúram does not allow for efficient report creation by business users. This is an important need for management oversight, decision making, and data analysis purposes. DIR DWC Business Units Impacted: ADJ, DEU, UEBTF, SIBTF, RSU and SAU.

5. Poor Navigation - There is limited/no ability to take direct navigational action on business process tasks within the EAMS User Interface (UI). Users are forced to move through many unnecessary screens to complete their process tasks. DIR DWC Business Units Impacted: ADJ, DEU, RSU, UEBTF, and SIBTF.

6. Inability to connect directly to external resources - EAMS users would like to connect to the following resources directly within the application:

- LexisNexis
- Notice of Hearing Look-up information
- WCIRB Insurance Coverage Look-up
- USPS Address Look-up tool
- DWC website for UAN and zip code look-up tools
- Worker's Compensation Information System claim data

DIR DWC Business Units Impacted: ADJ, DEU, RSU, UEBTF, and SIBTF.

7. Issues related to ADJ business unit:

- Companion Court Cases - A companion case is defined as cases that share a common factor. A common factor can be: the same injured worker; the same date of injury (involving multiple injured workers injured in the same accident, with an identical mechanism of injury); the same employer, insurance company, or lien claimant but with different injured workers. Judges and their staff do not have the ability to identify companion cases based on the listed common factors, which can slow down the adjudication process by requiring duplicative actions on each companion case. For example, there is no current functionality to enter a decision or other action and have it apply to multiple cases. DWC staff must enter the same information on each separate case.
- Schedule Future Hearings - Currently EAMS is only able to schedule one hearing at a time for a particular case. Cúram does not allow a user to schedule a trial on case until the settlement conference is complete. Business needs the ability to schedule future

multiple hearings for a single case.

8. Issues related to UEBTF/SIBTF units - EAMS is not a claims benefit administration system. It lacks tools to effectively manage UEBTF/SIBTF claims such as: indemnity calculator, utilization review tracker, medical bill review tracker, payment history and reconciliation tool, and system notification diary. These functions will help claims administrators process benefits accurately.

9. Issues related to access: EAMS is not readily compatible with multiple web browsers, which causes an unnecessary burden to external users.

10. DWC is unable to respond quickly to changing business needs because current technology is unable to adapt. For example:

1) Recent legislation has allowed courts to require mandatory e-filing. This is something that the division would like to move towards as an effort to reduce paper waste, reduce staffing demands, and to increase efficiency as well as ease of use for all participants in the workers' compensation system. The current system does not have the capability to support mandatory e-filing workflows and e-signatures.

2) In 2017, the Legislature implemented certain fraud fighting measures that require DWC to make sure that certain data is captured and reports be issued to allow for personnel to evaluate that data. Currently, EAMS has very limited ability to obtain this data. For example, the system is not able to capture SAU hearing resolutions for suspended providers' liens. Improved and more configurable technology would allow the division to fulfill its mandate to address workers' compensation fraud more effectively and efficiently.

#### PROJECT OPPORTUNITIES:

In the last 10 years, there have been improvements in technology and an increase of court case management and case benefit administration software alternatives. A modern solution will allow the department to:

1) Improve internal and external user experiences by providing tools and capabilities that sufficiently address needs for court case management and claims benefit administration.

2) Utilize internal staff time more efficiently by reducing time spent on manual tasks. Implementing a consistent look and feel, streamlined system navigation, and simplified business process workflows will allow for faster task execution. This in turn will reduce processing time for any external user related output.

- 3) Minimize the need for customized coding. Up to date technology will allow for more flexibility of future system changes, upgrades, and maintenance. It will allow the implementation of needed system changes in a shorter timeframe; especially those relating to regulatory mandates.
- 4) Reduce human errors by increasing system validations. This will also reduce the time internal staff dedicates to mitigating these errors. It will also allow for more accurate data collection.
- 5) Increase convenience and access by implementing a solution that is compatible with multiple web browsers and has mobile access capabilities, with minimal down time.

## E. Outcomes and Accountability

The intended outcome of this request is to modernize the case management system to provide the proper tools to improve internal and external user's ability to work efficiently, accurately, and interactively with external resources. A case management system that is easily maintained and adaptable to future changes. Improved and more configurable technology would allow the division to fulfill its mandates.

## F. Analysis of All Feasible Alternatives

1. Continue with the Project Approval Lifecycle activities, focusing on detailed business and technical analysis, market research, and determine if modernizing EAMS systems should be performed in consecutive phases.

Pro: Each phase will reduce risk for that particular component by concentrating all efforts on one implementation and reigning in the scope of each phase.

Cons: This may introduce conversion or synchronization issues between the separate systems. It will also cause undue burdens to users by requiring re-training or the use of workarounds until all the systems are updated.

2. Continue with the Project Approval Lifecycle activities, focusing on detailed business and technical analysis, market research, and determine if all components of EAMS (Cúram, Cognos, and FileNet) should be improved or replaced at the same time.

Pro: Develops plans for a comprehensive system to meet all business needs.

Con: Increases time, cost, and risk to implement the system and delays benefits.

3. Status Quo with Selected Enhancements



Pro: No additional resources would be required. Staff are trained in the current systems and have knowledge of the functionality and processes in place.

Con: EAMS (Cúram) is a highly customized application that requires deep analysis, and many staff hours for regular maintenance and operations functions, like version upgrades and change requests. Ongoing support costs will be expensive, and the opportunities to improve functionality will be limited as DIR continues to operate a system that is not the best fit for workers' compensation court and case management. It will not resolve the root issues of many of the existing challenges and inefficiencies.

## G. Implementation Plan

DIR has submitted a Stage One Business Analysis to CDT and is currently in the Stage Two Alternatives Analysis phase. During Fiscal Year 2019/20, DIR will continue to plan and work with CDT through the Project Approval Lifecycle process to plan detailed requirements gathering contacts and procurement plans as well as identifying opportunities for incremental improvements.

## H. Supplemental Information

N/A

## I. Recommendation

Alternative 1 is recommended. Approval of this request will provide DIR with \$864,000 in Fiscal Year 2020/21 and \$333,000 in 2021/22 from the Workers' Compensation Administration Revolving Fund to evaluate current business needs and technical opportunities and plan for a successful modernization of the EAMS system.

# BCP Fiscal Detail Sheet

BCP Title: Electronic Adjudication Management System Modernization

BR Name: 7350-011-BCP-2020-GB

Budget Request Summary

## Personal Services

Salaries and Wages	0	174	174	0	0	0
Earnings - Permanent						
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$174</b>	<b>\$174</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Total Staff Benefits	0	100	100	0	0	0
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$274</b>	<b>\$274</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5301 - General Expense	0	3	3	0	0	0
5302 - Printing	0	1	1	0	0	0
5304 - Communications	0	4	2	0	0	0
5306 - Postage	0	3	3	0	0	0
5320 - Travel: In-State	0	4	4	0	0	0
5322 - Training	0	1	1	0	0	0
5324 - Facilities Operation	0	28	28	0	0	0
5340 - Consulting and Professional Services - External	0	506	0	0	0	0
5344 - Consolidated Data Centers	0	8	8	0	0	0
5346 - Information Technology	0	15	9	0	0	0
5368 - Non-Capital Asset Purchases - Equipment	0	17	0	0	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$590</b>	<b>\$59</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Total Budget Request

Total Budget Request	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$864</b>	<b>\$333</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Fund Summary

### Fund Source

Fund Source	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
State Operations - 0223 - Workers Compensation Administration Revolving Fund	0	864	333	0	0	0
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$864</b>	<b>\$333</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$864</b>	<b>\$333</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Summary

### Program Funding

Program Funding	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
6090 - Division of Workers' Compensation	0	864	333	0	0	0
9900100 - Administration	0	679	161	0	0	0
9900200 - Administration - Distributed	0	-679	-161	0	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$864</b>	<b>\$333</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Personal Services Details

### Salaries and Wages

Salaries and Wages	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
1402 - Info Tech Spec I (Eff. 07-01-2020)	0	83	83	0	0	0
4801 - Staff Svcs Mgr II (Supvry) (Eff. 07-01-2020)	0	91	91	0	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$174</b>	<b>\$174</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Staff Benefits

Staff Benefits	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5150350 - Health Insurance	0	15	15	0	0	0
5150600 - Retirement - General	0	54	54	0	0	0
5150900 - Staff Benefits - Other	0	31	31	0	0	0
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$100</b>	<b>\$100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Total Personal Services

Total Personal Services	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$274</b>	<b>\$274</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>