

IT Project Proposal Report - Detail

Agency: 022 - DEPT OF INSURANCE

Budget Cycle: 2019-2021 Biennium

Version: AF - AGENCY FINAL REQUEST

IT Project : Upgrade Excess Liability Fund Software

General Section

Contact Name : Laura Arp

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Agency Priority :

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NITC Priority :

City : Lincoln

NITC Score :

State : Nebraska

Zip : 68508

Expenditures

IT Project Costs	Total	Prior Exp	FY18 Appr/Reappr	FY20 Request	FY21 Request	Future Add
Contractual Services						
Design	37,500	0	0	37,500	0	0
Programming	0	0	0	0	0	0
Project Management	0	0	0	0	0	0
Data Conversion	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Contractual Services	37,500	0	0	37,500	0	0
Telecommunications						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
Subtotal Telecommunications	0	0	0	0	0	0
Training						
Technical Staff	0	0	0	0	0	0
End-user Staff	0	0	0	0	0	0
Subtotal Training	0	0	0	0	0	0

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Expenditures

IT Project Costs	Total	Prior Exp	FY18 Appr/Reappr	FY20 Request	FY21 Request	Future Add
Other Project Costs						
Personnel Cost	0	0	0	0	0	0
Supplies & Materials	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Other Project Costs	0	0	0	0	0	0
Capital Expenditures						
Hardware	0	0	0	0	0	0
Software	0	0	0	0	0	0
Network	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Capital Expenditures	0	0	0	0	0	0
TOTAL PROJECT COST	37,500	0	0	37,500	0	0

Funding

Fund Type	Total	Prior Exp	FY18 Appr/Reappr	FY20 Request	FY21 Request	Future Add
General Fund	0	0	0	0	0	0
Cash Fund	37,500	0	0	37,500	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
TOTAL FUNDING	37,500	0	0	37,500	0	0
VARIANCE	0	0	0	0	0	0

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EXECUTIVE SUMMARY:

To process and record approximately 4,800 health care providers' qualification for the Excess Liability Fund, the Department of Insurance uses a computer database referred to as NIIMS (Nebraska Insurance Information Management System). NIIMS was created in 1995 and will soon no longer be supported by OCIO due to system upgrades. NIIMS hosts all records, claims and funds for the Excess Liability Fund.

The Nebraska Hospital-Medical Liability Act creates the Excess Liability Fund, which pays a portion of claims when qualified health care providers are sued for medical malpractice. The Excess Liability Fund collects an annual surcharge from health care providers, and those funds are used to pay claims, pay legal defense costs, and administer the fund. "All expenses of collecting, protecting, and administering the fund shall be paid from the fund." § 44-2829(6).

Health care providers (as defined at Neb. Rev. Stat. § 44-2803) must take certain steps to qualify for Fund coverage, which are described at § 44-2824 and in the corresponding regulation, 210 NAC 32. Briefly, those steps require providing the Department with proof of financial responsibility (insurance purchased from a carrier licensed in Nebraska) to cover the first \$500,000 of liability and payment of the surcharge. After the private insurer pays the first \$500,000, the Fund pays the amount above \$500,000 and up to the \$2.25M cap. Currently, the surcharge is set at 40% of the premium for the private insurance (first \$500,000 per occurrence) used to qualify for the Fund.

GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):

This project will allow the Department to continue administering the Fund as required by statute. NIIMS must be replaced. Success is measured by having a new computer system that can be supported by OCIO going forward. It is important that Fund qualification is adequately tracked so that claims can be attributed to a provider qualified on the date of claim or medical event, and it is important that surcharge dollars and timing be tracked accurately so that refunds can be paid in the event a provider moves out of Nebraska or quits practicing medicine during the coverage year. The Fund's system operates like an insurer, providing coverage for qualified health care providers, and is unique compared to the Department's other operations.

PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):

The current computer system is 23 years old and will not run on the newest version of Windows. It must be replaced. An NAIC computer program was extensively explored and in the end, it could not cleanly perform the required functions. Another option is to pay for administration by an existing medical malpractice insurer or contractor, however this option is likely cost prohibitive and an exposure of State data to an outside system. Yet another option is to contract with Nebraska Interactive and the Department has taken significant steps to explore this possibility; however, Nebraska Interactive's fee would be paid by charging health care providers a user fee and this option is not preferred. Of the other states that operate a patient compensation fund, Indiana is the most comparable – Indiana contracts with Kemper (a private insurer) and Indiana Interactive. Doing nothing is not an option because the current system will no longer be supported by OCIO. This computer system fulfills a statutory duty. The Department is charged with administering the Excess Liability Fund pursuant to Neb. Rev. Stat. § 44-2829. This includes processing health care provider qualifications, legal defense of the Fund, and paying claims.

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TECHNICAL IMPACT (20 PTS):

The project will replace the NIIMS system, which is comprised of five Access data tables and a user interface. Data in existing Access tables will migrate into a recent version of the old system and create a new user interface to input data and perform queries.

Proposed technology specifics:

1. Must be reliable and very secure – the information stored in the system is both a government agency's property and attorney-client protected information that is the subject of ongoing litigation. Scale is stable – almost all health care providers in Nebraska (around 4,800) are members of the Fund because Fund qualification is needed to take advantage of the statutory \$2.25M cap on medical malpractice damages.
2. No NITC technical standards and guidelines issues are anticipated.
3. This is a standalone system that likely will never feed into other infrastructure because of the confidential nature of the data, and is not likely to be duplicated because of the unique nature of this Fund.

PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):

NIIMS databases must be migrated to a new version of the software and a user interface created to perform necessary functions entering and retrieving data, including running various reports.

Project sponsor is the Director of the Department of Insurance, as Administrator for the Fund. Stakeholders include internal Department personnel (Property and Casualty Administrator, Analyst assigned to enter data and communicate with insurers and health care providers, counsel assigned to the Fund, Department actuary that tracks Fund expenditures and calculates the annual surcharge adjustment to keep the Fund adequately reserved and Department IT), insurers writing Fund-qualified coverage, and Fund-eligible health care providers.

Department personnel listed above have all worked for the Department, and assigned to the Fund, for over five years. Additionally, these Department personnel have participated in a Center of Operational Excellence project designed to improve the medical malpractice Fund processes. While that project indicates that an online signup function would create significant efficiencies and improve customer experience, the most immediate need is upgrade of the operating system from NIIMS to a system supported by OCIO.

Milestones are: new database created, data migrated, user interface created, NIIMS completely replaced, reports successfully run. No timeline has been established.

Personnel skilled in computer programming are required to create the new system and train Department personnel on its operations.

Ongoing support would require upgrades when necessary. Department personnel should be able to make corrections to the databases.

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RISK ASSESSMENT (10 PTS):

Barriers and risks mostly relate to the risk of not acting – that the system becomes obsolete when it will not be supported by OCIO and the Department would then no longer be able to perform its statutory duties. Another risk is that the new system would not be accurate, resulting in inaccurate surcharge calculations or inaccurate recordkeeping for qualified Fund members. Testing of any new system and assigned permissions to limit the ability to manipulate data will mitigate the accuracy-related risks.

FINANCIAL ANALYSIS AND BUDGET (20 PTS):

Development and support costs were estimated by Nebraska Interactive as shown.