

## **REPORT TO THE LEGISLATURE**

### **Recommendations for Implementation of an Asset Verification System**

As required by Engrossed Substitute House Bill 1109 (HB 1109), Section 204 (21)

December 1, 2019

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# Implement an Asset Verification System

## In Appreciation

The Aging and Long-Term Support Administration would like to thank and acknowledge our partners at the Health Care Authority for their time and contributions to the content of this report. In addition, we are grateful for the support and efforts from our partners at the Economic Services Administration and the Developmental Disabilities Administration who worked closely with us to ensure the data and information within the report is timely, accurate, and relevant.

DSHS also wishes to recognize the strong work of the representatives from the Health and Human Services Coalition for their time and contributions to this effort: Department of Children, Youth, and Families; Department of Health; Office of the Chief Information Officer; and Washington Health Benefit Exchange.

Finally, we would like to acknowledge the work of Couloir Consulting in preparing the Feasibility Study requested by the legislature; for assisting in the drafting and review of this report; and for working so cooperatively with the multiple administrations involved in this project.



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# EXECUTIVE SUMMARY

## Asset Verification System (AVS)

The Department of Social and Health Services (DSHS), Aging and Long-Term Support Administration (AL TSA), in coordination with the Health Care Authority (HCA), is submitting this report to the legislature as required by Engrossed Substitute House Bill 1109 (HB 1109), Section 204 (21):

*The department shall work with the health care authority to develop a long-term strategy for an asset verification system that complies with federal requirements, maximizes efficient use of staff time, supports accurate client financial eligibility determinations, and incorporates relevant findings from the feasibility study, and shall report its findings and recommendation to the governor and appropriate legislative committees no later than December 1, 2019.*

AVS is a standardized Software-as-a-Service (SaaS) subscription solution which allows government entities to check a nationwide network of financial institutions to verify financial assets of a benefits applicant. Its use is required by federal law. AL TSA and the Development Disabilities Administration (DDA) are currently piloting a standalone web portal, but it is also available as a data source for integration to existing DSHS eligibility systems over standardized web services interfaces.

This report and the attached feasibility study illustrate how an integrated AVS solution brings the state into compliance with CMS and is an opportunity to improve the accuracy of aged, blind, or disabled Medicaid eligibility determinations, maximize financial case management processes through integration, and ensure that the delivery of Medicaid services will be more efficient.

The report summarizes prevailing statute, explains the federal compliance requirements, describes the agencies' response, discusses the AVS pilot project and recaps the major findings from the Feasibility Study.

## Federal Regulations, 2008 and 2019

The 2008 Supplemental Appropriations Act amended Section 1940 of the Social Security Act of 2008 (42 USC 1396w), to require all states to implement a system to verify assets of aged, blind, or disabled applicants and recipients of Medicaid through the use of an asset verification system. This includes individuals applying for or receiving long-term services and supports (LTSS), low income individuals who are aged, blind, or who have a disability, as well as those receiving assistance for their out-of-pocket Medicare expenses paid by Medicaid.

Under the 2008 regulations, Congress included language which gave the Centers for Medicare and Medicaid Services (CMS) authority to impose a Federal Medical Assistance Percentage (FMAP) penalty for non-compliant states. The penalty is equal to 100% of the Medicaid costs and services for the entire aged, blind, or disabled population.

In January 2019, the president signed the Medicaid Extenders Act of 2019 which imposes a new schema of FMAP penalties on states that do not have an operational CMS-approved asset verification system in place by December 31, 2020. Under these new regulations, beginning January 1, 2021, the FMAP for a non-compliant state will be reduced by the following percentage points:

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(A) for calendar quarters in 2021 and 2022, by 0.12 percentage points;

(B) for calendar quarters in 2023, by 0.25 percentage points;

(C) for calendar quarters in 2024, by 0.35 percentage points;

(D) for calendar quarters in 2025 and each year thereafter, by 0.5 percentage points.

CMS has not proposed an official notification of non-compliance for Washington state under the 2008 regulations, but could impose the 2008 penalty equal to 100% of the Medicaid costs and services for the entire aged, blind or disabled population prior to the January 1, 2021 law implementation.

The FMAP reduction starting 2021 differs from that of the penalty authorized in 2008. This penalty impacts the entire Medicaid population, approximately 1.8 million clients; it is not limited to only the aged, blind, or disabled Medicaid populations and it gives CMS no authority to exempt states from sanctions. Applying the penalties imposed in the 2019

Recommendations for Implementation of an Asset Verification System

law to Washington state’s projected total Medicaid expenditures for the five-year period (2021-2025) yields a potentially severe FMAP reduction of \$112 million.

## Background Information

Washington offers Medicaid coverage to low income individuals who are age 65 and older, blind, or disabled. Washington can provide assistance with the Medicare Savings Program (MSP), which helps with premium costs, copayments, deductibles, and co-insurance for individuals who are entitled to Medicare and meet program requirements. MSP can be a standalone program or clients may receive both aged, blind, or disabled Medicaid coverage in combination with MSP. The aged, blind, or disabled Medicaid population is administered by the DSHS Economic Services Administration (ESA).

Clients who are aged, blind, or disabled that need assistance with activities of daily living may be eligible for long-term services and supports (LTSS). These are services which are tailored to fit individual needs and situations. Services may be authorized by AL TSA or DDA. These services enable people to continue living in their homes with help to meet their physical, medical, and social needs. When these needs cannot be met at home, care in a residential or nursing facility is available. Generally, clients who are financially and functionally eligible for LTSS and receive Medicare are active on MSP as well.

	A/B/D Medicaid	MSP Only	LTSS
CSD	23,450*	33,000*	
DDA			25,150**
HCS			72,550**

*\*ESA is not currently utilizing AVS and this caseload is not in compliance with the 2008 Social Security Act statute amendment.*

*\*\*A majority of LTSS caseload has an MSP as well. Total statewide MSP caseload is 182,000, per HCA. This number includes SSI recipients not subject to AVS*

## **Asset Verification System Pilot**

As a result of an inter-agency workgroup established between HCA and DSHS in 2017, it was proposed that Washington enter into a short-term pilot contract with an AVS vendor to test the efficacy and cost-effectiveness of an AVS solution. In an effort to comply with the regulation, ALTSA and DDA offered to conduct the AVS pilot for populations receiving or applying for LTSS and subject to an asset test. The goal was to provide data to HCA regarding project impacts and gather best practices. This 6-month pilot began in December 2018 under a time-limited sole-source contract with Public Consulting Group (PCG) Inc. The costs for the pilot included a one-time fee of \$150,000 for set-up, configuration, and training costs for ALTSA and DDA and a monthly fee of \$45,000 for access to the AVS system based on 9,000 transactions per month. The monthly fee was renegotiated in April 2019 for a monthly fee of \$37,000 for 7,000 transactions per month based on lower than anticipated volumes.

DSHS initiated their own time-limited sole-source contract in July 2019, at the same rates, through June 30, 2020 in order to compile additional data. The contract includes a one-time option to extend for an additional six months, if needed. Due to the new regulations under the Medicaid Extenders Act of 2019, the pilot also allows the state to demonstrate a good-faith effort to comply with both the 2008 and 2019 regulations. CMS has expressed interest in updates from the pilot, and concern that the pilot is not implemented statewide. That being stated, there have been no formal non-compliance enforcement actions initiated by CMS to-date.

## Maximizing Efficiencies

The current AL TSA/DDA pilot uses a stand-alone AVS web portal to electronically verify financial institution accounts of individuals applying for, or receiving, LTSS. Prior to implementation of the pilot, financial eligibility staff would review and request verification of client asset information at application and renewal of LTSS – a process that was time-consuming and potentially inaccurate because it relied on self-declaration by applicants of assets and asset transfers. The manual process is also inefficient due to the amount of time needed for the collection of paper verification, mailing, and manual review of physical documents.

Although the pilot gained some efficiencies in the review of asset data and improved the accuracy of data, it also presented new inefficiencies. The off-the-shelf stand-alone AVS portal employs a manual process that duplicates the entry of client, household, and program data in both the eligibility system and the web portal. Asset data received back from the portal is also then manually reviewed and input into the eligibility system. The search in the AVS web portal is then manually closed out to complete the process.

Early estimates presented to the Legislature in the 2019 session, indicated staff time increased considerably with use of the stand-alone AVS web portal.

The web portal resulted in:

- Increased touch time associated with completing direct searches of financial institutions;
- Increased processing time for applications and renewals due to the time needed to complete the AVS search and receive the results from the financial institutions;
- Additional legal requirements to explain and gain authorizations from applicants and recipients prior to running an AVS search.

Currently, the lack of Washington Administrative Code (WAC) governing AVS allows clients the ability to opt out of AVS. It is anticipated that HCA will finalize new rules in late 2019. Additionally, AVS authorization language will be added to application and renewal forms. The completion of these elements will address some of the barriers to submitting asset verification requests in the portal, with the expectation of a majority of cases authorizing AVS and improving the process.

Many states have an AVS solution that is either partially or fully-integrated with their Medicaid eligibility system. Based on conversations with these states, it is clear that a fully-integrated asset verification system would dramatically improve the accuracy and

timeliness of the asset data that is available to the financial eligibility staff. It would also make the most efficient use of financial eligibility staff time by eliminating the duplication of data entry into the AVS and automating the response of asset information interfaced back into the eligibility system. Integration driven workflow efficiencies will result in financial eligibility staff having easier and quicker access to critical client information in order to make timely and more accurate eligibility determinations for the aged, blind, and disabled (ABD) Medicaid population.

A fully-integrated system also opens up the possibility of automating renewals for this population in the future. The automation of renewals would be a step forward to reduce the churn seen in this vulnerable Medicaid population due to the labor-intensive burden of the current renewal process for the aged, blind, or disabled population. Automated renewals could also enable the state to achieve administrative savings by mirroring existing renewal functionality used for the MAGI-based population using the Washington Healthplanfinder web portal and meet the requirements under 42 CFR 435.916.

While a fully-integrated AVS is the best long-term solution, it may be more realistic to introduce a partially-integrated AVS as a feasible next step to meet CMS requirements and avoid FMAP penalties for Washington. A partially-integrated AVS will reduce the duplication of data entry required for the pilot by eliminating much of the redundant front-end data entry requirements. Financial eligibility staff will revert back to one-time client and program data entry in the eligibility system. The requests can be batched and sent to AVS in a secure overnight process. When asset data is received back into the portal, financial eligibility staff would still be required to manually review and input the information received into the eligibility system for determination.

Please see Attachment A Feasibility Study for a detailed breakdown of costs and savings associated with each option: Manual Web Portal, Partial Integration, and Full Integration.

## Accurate Eligibility Determinations

Initial results collected from the AL TSA/DDA AVS pilot indicate that use of an electronic asset verification system results in more accurate and complete eligibility determinations. AVS shifts eligibility staff focus from relying on clients' self-declared assets and asset transfers to an objective, more consistent presentation of data. Moreover, staff have faster access, through the portal, to critical client data received from financial institutions.

The current AVS vendor, PCG, is able to search client financial institution accounts via several proven methods in which the system:

- Automatically searches for accounts at the top 12 largest financial institutions in the United States;
- Automatically searches for accounts near the client's residential address, via a geographic search algorithm;
- Allows financial eligibility staff to directly search for accounts at known financial institutions that may not be captured in the above automatic searches.

The automatic searches empower eligibility staff to make more accurate benefit determinations on aged, blind, or disabled Medicaid applications and renewals by accessing information that was previously unavailable. AVS provides financial institution account balances for accounts not previously known or reported. It also flags potential transfers of large balances that may cause periods of ineligibility for long-term care. Finally, it supports review of transfers and account changes five years retrospect-fully in compliance with the federal mandate.

AVS provides more information to the financial eligibility staff than what is available through a manual self-declaration and verification process and empowers them to make more informed eligibility determinations. The information received from financial institutions is reviewed by the financial eligibility staff and they resolve discrepancies with the client prior to the eligibility determination.

Key performance measures tracked during the ALTSA/DDA pilot have supported more accurate eligibility determinations:

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Pilot Time Period 12/2018 – 07/2019	
Amount in Unreported Financial Institution Accounts	\$3.2 million
Cases Indicated as Ineligible – Over Resource	3,719
Cases with Penalties Imposed due to Transfer of Assets	203
Referred to Office of Fraud and Accountability	4

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## Findings of the Feasibility Study

The AVS Feasibility Study submitted as supporting documentation to this report to the Legislature assessed the commercial AVS marketplace; identified business and technical needs and requirements; reviewed the schedule; evaluated the project governance and management approach; identified primary project risks; examined several primary options; recommended a preferred approach and estimated relevant costs.

A summary of findings of the Feasibility Study<sup>1</sup> is presented here:

1. AVS market place.<sup>2</sup> The Medicaid Asset Verification System (AVS) commercial marketplace is dominated by Public Consulting Group (PCG), which has been awarded AVS contracts in approximately 23 states. Additional PCG contracts are being executed through a master contract established with PCG by the New England States Consortium Systems Organization (NESCSO).

There are one or two new vendors making preliminary inroads into the AVS market, namely Softheon, a software company that has been awarded contracts in West Virginia and Indiana, although their implementation in West Virginia recently started and the Indiana contract has not been finalized.

Equifax was awarded the AVS contract in Kentucky. Deloitte and Accenture manage eligibility systems in several states and, in some of them, also operate an AVS solution through prime contractor - subcontractor relationships.

At this time, PCG controls the AVS market and has the most experience with respect to successfully deploying working, and integrated, solutions. PCG teams with Accuity Asset Verification Services, Inc., in offering a scalable AVS platform. Accuity is the back-end asset verification service operating in a majority of states. In its partnership with PCG, Accuity maintains the network that queries financial institutions and PCG provides an integrated portal (the presentation layer for users). Accuity also directly contracts with states for AVS but presently does not

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<sup>1</sup> Please consult the Feasibility Study itself for more detail on market analysis, options considered, rationale for selecting the preferred option, system requirements and costs

<sup>2</sup> This represents a summary of the best information available at the time of publishing this report. Not all states were contacted due to the compressed timeline for the feasibility study project; information was collected from the states mentioned above and also from NESCSO. Market dynamics change month to month as more RFPs are released and contracts awarded. All states not currently on long-term contracts are in procurement mode to meet the Jan 1, 2021, CMS deadline.

offer custom integration services to connect to or interoperate with state eligibility systems.

2. The feasibility study considered the following four options:

- a. Do Nothing: cancel the AVS pilot and revert to manual procedures for financial asset verification. This option is untenable because choosing it would result in the prohibitive FMAP reductions being applied for non-compliance with CMS AVS mandates after January 1, 2021.

In the first year alone, the penalty for non-compliance has been estimated at \$8.8M in reduced federal funding. Statewide, the potential penalty rises to \$112M for the period FY2021 – FY2025 based on actual Medicaid spending growth rates projected forward.

- b. Expand AVS Statewide with Standalone Portal: expand the web-portal across all DSHS Medicaid verification resources and work units (presently AVS is deployed to only ALTSA and DDA. This option has merit for several reasons, chief among them being the learning curve already traversed by DSHS staff; familiarity with the vendor and the portal; investment made for part of the set-up fee; and experience of the vendor. However, the manual standalone process estimates high FTE costs as demonstrated below.

**Manual Method – Standalone AVS\***

SUMMARY	FY20	FY21	19-21 Biennium	FY22	FY23	21-23 Biennium
<b>FTE</b>	17.7	59.2	38.5	59.2	59.2	59.2
<b>Staff</b>	2,098,000	6,554,000	8,652,000	6,314,000	6,314,000	12,628,000
<b>System</b>	333,000	1,597,000	1,930,000	1,438,000	1,438,000	2,876,000
<b>Total</b>	2,431,000	8,151,000	10,582,000	7,752,000	7,752,000	15,504,000
<b>State Share</b>	1,287,000	5,340,000	6,627,000	5,050,000	5,050,000	10,100,000

\* Note: This projection illustrates the costs of the various solution options and an estimated timeline. It does not match the actual DSHS FY20 appropriation, and a budget request for future years may be different as other variables or assumptions change.

- c. Select New Commercial Off The Shelf (COTS) AVS software: given that there are new entrants to the AVS market place. This is a possibility if the state decides to initiate a competitive procurement for a long-term solution.

However, choosing a new vendor also entails considerable schedule and implementation risks because it means going with a relatively inexperienced vendor in this market. Given the short timeline available before imposition of non-compliance penalties, this option should be evaluated with caution.

As indicated in “solution a”, the potential penalty for non-compliance if not implemented prior to January 1, 2021 is estimated at \$8.8M in reduced federal funding in the first year alone. Statewide, the potential penalty rises to \$112M for the period FY2021 – FY2025 based on actual Medicaid spending growth rates projected forward.

#### Recommended Solution:

- d. Select a Long Term Solution, Implement Statewide, and Integrate: expediently procure the best long term AVS solution available (in a contractual context, this strategy will result in replacing or amending the current short-term pilot contract with a more durable agreement), deploy the system on a state-wide basis and integrate it with the state’s aged, blind, or disabled Medicaid eligibility system, Automated Client Eligibility System (ACES), in realistic/practical stages. This preferred alternative may or may not share components with option 2b above.

This recommended approach offers the following benefits:

- i. Balances short-term priorities with a long-term vision;
    - The short-term priority is compliance with the Jan 1, 2021 deadline for deploying a statewide system;
    - The long-term vision is to retain a reliable and proven AVS vendor via an acceptable contractual vehicle and integrate the chosen solution with ACES.
  - ii. Achieves compliance with federal mandates avoiding potentially severe FMAP reduction penalties;
  - iii. Reconciles workflow redundancies and inefficiencies over time;
  - iv. Respects the complexity and difficulty of ACES rehosting and modernization while recognizing that ACES integration is key to AVS benefits realization.
3. The major share of system-related costs associated with procuring and maintaining an AVS solution are transaction-based. Vendors charge an implementation or set-up fee generally ranging from \$200,000 - \$400,000, however the principal recurring costs associated with AVS are transaction-based.

Per transaction costs approximate \$5/transaction. Washington’s projected rate is \$4.75/transaction and DSHS estimates a state-wide monthly transaction volume of 24,500 resulting in a recurring, annual AVS transaction cost of \$1,397,000.

4. Total projected costs for the years FY20 – FY23, taking into account the recommended, phased integration schedule, and underlying assumptions, are as follows:

Assumptions:

- Partial integration (batch process between ACES and AVS) to be developed and implemented by the end of FY20 to realize immediate partial benefits in streamlining workflow (nominal FTE benefits to begin showing in FY21).
- Full integration to be implemented by FY22 to allow scheduled time for ACES re-hosting and modernization. The expected positive results in terms of workflow efficiency improvement, reflected in the below FTE projections, have been extensively modeled, however they are based upon point in time information that may be subject to change.
- Statewide/integration charge of \$200,000 paid to vendor by the end of FY21.
- Nine months of paying the transaction fee of \$333,000 in FY20 and the full transaction fee of \$1,397,000 in FY21 are included below, consistent with ALTSA’s staffing and system cost model, however this amount will likely be reduced because statewide implementation may be deferred until later in FY21.
- Asset Verification System activities and eligible Federal Financial Participation (FFP) Rates:

<b>Project Phase</b>	<b>Scope (including integrated and stand-alone AVS activities)</b>	<b>Eligible FFP Match</b>	<b>Regulatory Authority</b>
<b>Design, Development and Installation (DDI)</b>	<ul style="list-style-type: none"> <li>• State or contractor DDI activities for E&amp;E AVS interfaces, system to system connectivity, web-based services, and COTS/SaaS initial licensing, and;</li> <li>• Building E&amp;E system functionality that evaluates the results from the AVS including, applying appropriate exclusions, comparing the appropriate asset limits, generating the eligibility decision, and generating appropriate results (decisions, notices, etc.).</li> </ul>	90/10	Section 1940 (j) of the Social Security Act  Section 1903(a)(3)(A)(i) of the Social Security Act  42 CFR § 433.112

	<ul style="list-style-type: none"> <li>State or contractor DDI activities (including COTS and SaaS) related to AVS development, <u>excluding interface related items mentioned above.</u></li> </ul>	50/50	<p>45 CFR Part 95, Subpart F</p> <p>SMDL # 16-004, Appendix A</p>
<b>Maintenance &amp; Operations (M&amp;O)</b>	<ul style="list-style-type: none"> <li>On-going operation of the AVS interfaces to E&amp;E systems (system to system interactions);</li> <li>State or vendor maintenance and routine updates, including security updates, <u>for the AVS interfaces only;</u></li> <li>E&amp;E system functionality to perform determination activities based on asset verifications from AVS data;</li> <li>On-going proprietary <u>interface software</u> leasing or licensing, including COTS;</li> <li>Training of personnel directly engaged in the operation of an E&amp;E system, including workers processing claims or determining eligibility using results from an AVS.</li> </ul>	75/25	<p>Section 1903(a)(3)(B) of the Social Security Act</p> <p>42 CFR § Subpart C 433.116</p> <p>45 CFR Part 95, Subpart F</p> <p>SMDL # 16-004, Appendix A</p>
	<ul style="list-style-type: none"> <li>Operations of the AVS excluding interface related items mentioned above, but inclusive of day to day operations such as:</li> <li>An electronic process for asset verification,</li> <li>A database of financial institutions that provide data to the state</li> <li>A five-year look back of the assets on individual applicants, recipients, spouses, and partners, when appropriate</li> <li>Verification requests that include both; open, and closed asset account information within the time span of the requested search</li> <li>Ongoing AVS software leasing or licensing including COTS or SaaS, and;</li> <li>AVS specific customer service, including call center activities and out-stationed eligibility worker activities.</li> </ul>	50/50	<p>Section 1903(a)(7) of the Social Security Act</p> <p>42 CFR 433.15(b)(7)</p> <p>45 CFR Part 95, Subpart F</p> <p>SMDL # 16-004, Appendix A</p>

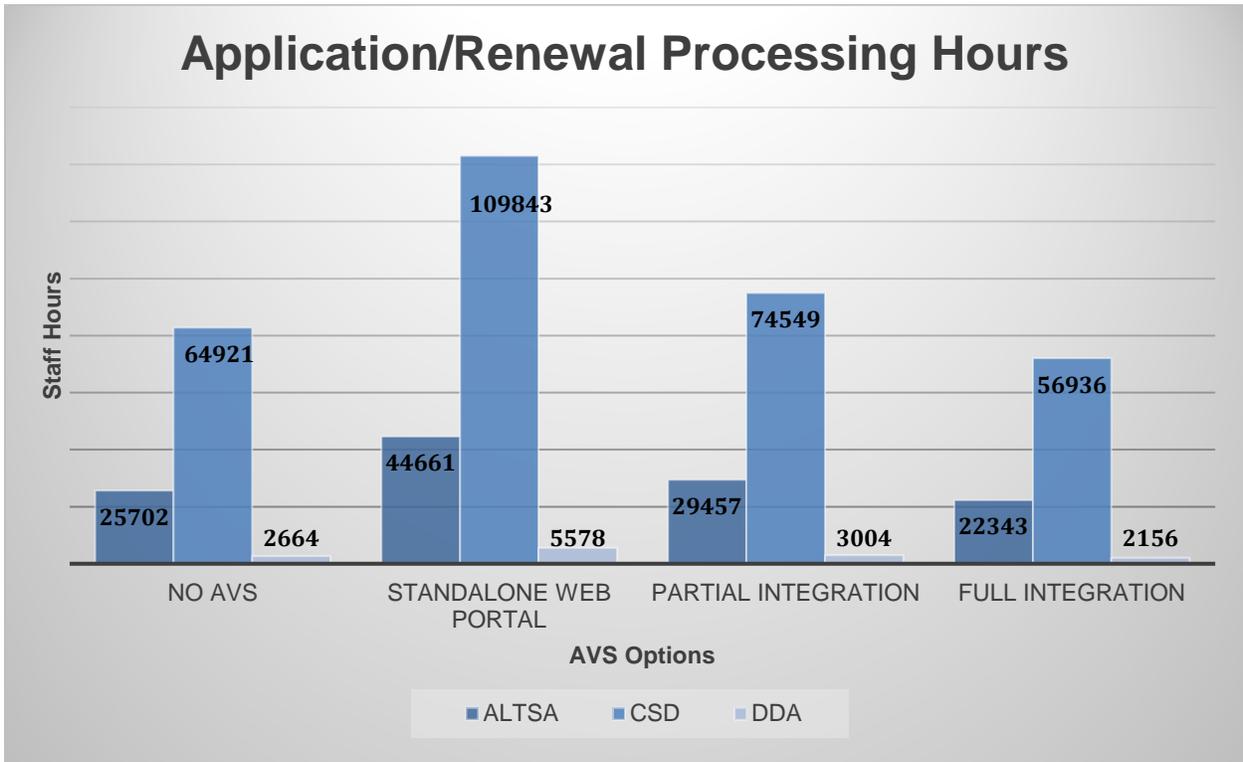
**Expected Project Costs for Recommended Solution\***

Per project schedule:  
 (FY2020) Standalone AVS  
 (FY2021) Partial Integration  
 (FY2022 – ongoing) Full Integration

	FY20	FY21	19-21 Biennium	FY22	FY23	21-23 Biennium
<b>FTE</b>	17.7	17.6	17.7	(5.8)	(5.8)	(5.8)
<b>Staff</b>	2,098,000	2,451,000	4,549,000	(427,000)	(427,000)	(854,000)
<b>System</b>	333,000	1,597,000	1,930,000	1,438,000	1,438,000	2,876,000
<b>Total</b>	2,431,000	4,048,000	6,479,000	1,011,000	1,011,000	2,022,000
<b>State Share</b>	1,287,000	2,704,000	3,991,000	646,000	646,000	1,292,000

*\* Note: This projection illustrates the costs of the various solution options and an estimated timeline. It does not match the actual DSHS FY20 appropriation, and a budget request for future years may be different as other variables or assumptions change.*

The FTE assumptions are comparisons to current (no AVS) application and renewal casework. If full integration is not achieved, AVS may not provide any case process time-savings as presented below for the Aged, Blind, or Disabled Medicaid population.



5. Integration with ACES was evaluated and recommendations for graduated integration made: first enact partial integration via a straightforward batch process; subsequently develop “full integration” that will remove or eliminate the manual redundancies inherent to current standalone AVS workflow where client information and AVS query results are input to or processed in two separate systems. Integration must be developed and implemented taking into consideration the ACES rehosting schedule planned for CY2020 (schedule included in the feasibility study).
6. Procurement: it is generally beyond the scope of an IT feasibility study to recommend specific procurement strategy, however, general guidance in the form of high-level recommendations, or considerations, were requested by the state in the course of this feasibility study’s development. In this consultant’s experience with WA state IT projects, when market conditions are of such a nature that only one vendor is consistently performing successfully in multiple or a majority of relevant jurisdictions, with a proven track record supporting dozens of clients over many years, and when schedule imperatives (avoidance of critical time delays) are so compelling as to force the state to consider all available options for procurement expediency, direct contracting might be considered. This is said with the complete understanding that several state agencies will have to evaluate relevant market and project schedule information before making any such determination.
7. High level business requirements, and more detailed technical requirements, were identified as part of the feasibility study development. DSHS is working on completing detailed business and integration requirements to support both the planned procurement and integration activities requisite to statewide AVS implementation.

## Recommendation

Procure the best long-term AVS solution available. In a contractual context, this strategy will result in replacing or amending the current short-term pilot contract with a more durable agreement. The system will be deployed statewide and integrated with ACES in realistic/practical stages.

Following, or most likely concurrent with, procurement and statewide implementation, DSHS will need to integrate the AVS with ACES. Integration may happen in phases, but initial integration steps can be completed during or at time of procurement. This approach moves Washington into compliance with the federal AVS policy while procuring/implementing an AVS solution via a robust contract.

Integration will need to be in phases because of the planned ACES re-platforming and modernization. The pre-integration period will allow the agency to define and fully coordinate business requirements for supporting the proposed integration development work.

This approach moves Washington into compliance with the federal AVS policy while procuring/implementing an AVS solution via a robust contract.

This recommended course offers the following benefits:

- 1) Balances short-term priorities with a long-term vision;
  - The short-term priority is compliance with the Jan 1, 2021 deadline for deploying a statewide system;
  - The long-term vision is to retain a reliable and proven AVS vendor via an acceptable contractual vehicle and integrate the chosen solution with ACES.
- 2) Achieves compliance with federal mandates avoiding potentially severe FMAP reduction penalties;
- 3) Reconciles workflow redundancies and inefficiencies over time;
- 4) Respects the complexity and difficulty of ACES re-hosting and modernization while recognizing that ACES integration is key to AVS benefits realization.

## **Health and Human Services Enterprise Coalition**

The Asset Verification System project is a project within the scope of the Health and Human Services Enterprise Coalition (HHS Coalition). The HHS Coalition governance committees have been engaged in providing strategic direction and oversight of the project. The governance committees have reviewed the recommended approach for the project and have found it to be responsive to executive leadership desires for an efficient process to meet the federal requirements.