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Enabling Responsive Government

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Senator Katie Fry-Hester
Co-Chair, Joint Committee of Cybersecurity, IT & Biotech
Senate James Office Building
11 Bladen Street, Suite 304
Annapolis, Maryland 21401

Re: ***Maryland's Major Information Technology Development Projects:***

- ***Maryland OneStop Portal (F50B0406)***
- ***MDH Licensing and Regulatory Management System (LRMS) (M00A0108)***

January 31, 2023

Dear Senator Hester:

On behalf of System Automation, a local IT company, based in Howard County, Maryland, we wanted to express our gratitude to you and the Joint Committee on Cybersecurity, IT, and Biotech for your briefing on January 10th. More specifically, we appreciated your questions to the Department of Information Technology (DOIT) regarding Maryland's *OneStop* Portal. For the last couple of years, we have made ongoing attempts to address our concerns about this initiative with the former leadership of DOIT and the State Legislature.

If you may recall, in the Fall of 2021, System Automation presented our issues before your committee and conducted a demonstration on how the state could be utilizing a better solution, with a faster completion date, and at a significant lower cost to Maryland's taxpayers. We also collaborated with you (and other IT stakeholders) to create and successfully enact the *Modernize Maryland Act of 2022*. Our company applauds the efforts by the State of Maryland in the advancement of IT modernization within our state government's infrastructures.   However, we believe that certain modernization projects are being advanced in the wrong direction and at an egregiously inflated cost.

We have recently reviewed the January 12, 2022, report provided by the Maryland Department of Information Technology (DoIT) to the General Assembly regarding the Maryland Department of Health (MDH) Boards Licensing Modernization Initiative. The details contained in this report are alarming, and we felt compelled to communicate facts to highlight how this project, as articulated by DoIT in its report, will be a gross misuse of taxpayer dollars by the state.

To summarize the report, **DoIT is proposing to spend between $48,000,000 to $70,000,000 over a four-year period** to modernize MDH with the State's *OneStop* application. The range in costs is due to heavy discounting offered by the State's *OneStop* vendor, Enovational. For background purposes, Enovational Corp., is a Washington, D.C. technology firm that once counted Maryland as a major client – last March, the company filed for **Chapter 11 bankruptcy protection** in the U.S. Bankruptcy Court for the District of Columbia.

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The discounts, as explained further below, are based on dubious assumptions. As such, Maryland taxpayers will likely be footing a bill far higher than the stated $48,000,000.

According to the FY24 budget, this project is listed as one the Major IT Development Projects and has been allocated to receive nearly $4.0 million in special funds. Below please find the details that we feel the General Assembly should consider before authorizing any additional funding to a project of this magnitude.

- DoIT's proposed **costs for this project range anywhere from 250% to 615% higher** than recent procurements for projects similar in size and scope in other states. In the last three years, the states of Washington, Pennsylvania, and Nebraska awarded similar healthcare licensing modernization contracts ranging from $11,000,000 to $19,500,000. *What is the justification for Maryland taxpayers to pay this high premium compared to other states?*

- When this project is over, **the proposed project costs are likely to be closer to $70,000,000 than $48,000,000**. As noted above, DoIT's proposal is based on steep discounts that are predicated on assumptions that are unlikely to come to fruition. Reusing the same business process for complaint tracking, continuing education, and regulatory workflows across 20 boards sounds great academically. During implementation, it will come out that there are statutes and regulations that are unique to the boards and professions at MDH that must be complied with in specific ways. This will lead to the customization of common business processes that will drive up the implementation costs.

- The technology underlying the *OneStop* is a **generic customer relationship management (CRM) platform that was built to support sales teams, not to handle the needs of occupational licensing agencies like MDH**. At every turn, DoIT has tried to push its CRM platform onto agencies at MDH, only to face resistance because the staff who are responsible for licensing can see that it doesn't have the depth of capabilities that are needed to support agency operations. Throwing $70 million at the implementation of the product in an attempt to offset its limitations won't change that fact.

Similar concerns are also at issue with the Department of Health's *Licensing & Regulatory Management System Project* (LRMS) for the State's Occupational Boards.

Another Major IT Development Project that is expected to receive over $4 million in general funds, in FY24, for the purposes of modernizing Maryland's Board of Nursing. In total, this project is slated to cost the State over $10 million. According to the DLS' analysis, last year, "**the total estimated cost as described in the fiscal 2023 Governor's Budget Books is 380% larger than the projected total cost in the fiscal 2022 (a total cost at $2.1 million) with a completion year of fiscal 2024**."

Given the sizable budget increases in expected total cost for this project, the budget committees requested that MDH Health Professional Boards and Commissions and the Department of Information Technology (DoIT) submit a joint report detailing the costs associated with the LRMS project and which boards will be benefiting from the new system."

In a two-page report, issued by DOIT/MDH, last fall, Enovational, conducted a feasibility study that determined the estimated costs for modernizing the licensing systems for the Boards & Commissions would be approximately "$9 million." Contained in the final paragraph of the report, it was determined that, *"this project has been temporarily paused".* The suspension to move ahead on

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this project is the result of the continued issues following the MDH cyber breach in December of 2021.

Based on the previous Administration's own assessment, the General Assembly should be requesting a justification by the departments on:

- *WHY* is it costing the State $4 million (in FY24) to begin the second phase of this project.
- Secondly, explain *HOW* this project requires $10 million in state funds to be fully completed.
- Thirdly, to determine *IF* the departments have evaluated other IT solutions, from other states, that can complete this project at a substantially lower cost to the state.

At the bare minimum, this project should continue to be held until the new Administration has the opportunity to assess the necessity for this project before any additional funding is appropriated.

Again, thank you for your consideration and your continued interest in seeking answers and fiscal accountability on these IT projects by DOIT and MDH. Please feel free to contact me with any questions or concerns that you (or your committee) may have.

Sincerely,

Charles Rubin
President
System Automation Corporation

cc.

Chip Stewart, CISO, DOIT
Senator Cory McCray, Chair, Senate Health & Human Services Subcommittee, Senate B&T Committee
Delegate Kirill Reznik, Chair, House Health & Social Services Subcommittee, House Appropriations Committee