

BENEFITS PACKAGE DOCUMENTATION

SPD CONTRACT AMENDMENT PROCESS

Event Id :SPD 04 1.1

VERSION 1.0

EXECUTIVE SUMMARY OF THE INITIATIVE

Initiative SPD 04 focuses on streamlining the contract amendment process for the Developmental Disabilities' Contract Administration Unit. The goal of this Rapid Process Improvement (RPI) was to reduce contract amendment processing time for Financial Assistance Award (FAA) amendments and to reduce the number of corrections made on the requests for contract amendments.

Results as of June 1, 2009 include:

- Reduced FAA contract amendment cycle time from 57 days to 23 days within the Contract Administration Unit reflecting a 60% improvement.
- Reduced the number of process steps from 21 steps and 11 decisions points to 14 steps and 5 decision points leading to a 41% improvement with an annual cost avoidance of over \$90,000.
- Launched electronic process to send and receive requests for contract amendments from counties.

IMPROVEMENT SUMMARY

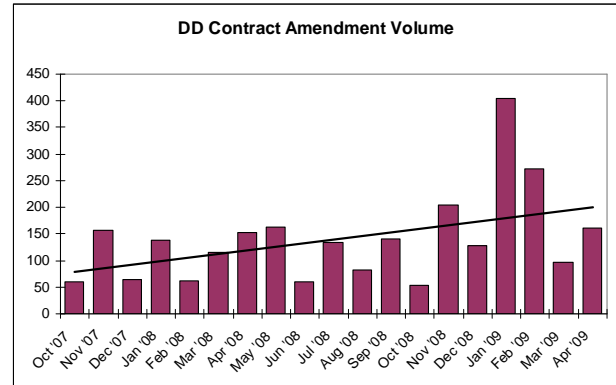
The RPI event was held in November 2008 to streamline the DD process. Participants in the event represented SPD regional coordinators, the SPD Contract Administration Unit (CAU), DHS Office of Contracts and Procurement, and county partners. Participants agreed to create a standard electronic form (replacing three paper forms) and an electronic entry point (replacing faxing) for amendment requests to reduce errors, delays, duplication of effort and paperwork. Regional coordinators begin working on the request immediately with contract changes not involving policy being passed directly to the Contract Administration Unit. Documentation reviewed by an authorized state employee in the field is now retained locally rather than be required to be sent in with requests. Counties have been, and continue to be, trained in the new procedure. In all, steps and handoffs in the process are being reduced from 32 to 19, a 41% improvement. Full implementation began April 1, 2009 and continues.

BENEFIT/OUTCOME DESCRIPTION

Cost saving: Following the RPI, the contract amendment request backlog was reduced. Simultaneously, the time involved in amending a county FAA contract decreased from an

average of 57 days to 23 days or less. During the period following the RPI, there was also a significant increase in the number of amendments needing to be addressed (see chart below). With the new process in place, the DD CAU has avoided additional staffing costs of approximately \$90,503 per year to address the backlog and the increased volume. Results are being tracked and will continue to be reported.

The DD CAU receives an average of over 200 amendment requests each month, of which 120 have been for Financial Assistance Award (FAA) amendments. Since January 1, this unit has received and addressed an average of 209 FAA amendment requests. This additional workload has been without the benefit of additional staffing. For the purposes of this document, the cost avoidance to address this additional workload along with addressing any back log during the next 12 months includes:



Work is currently completed by the following staff:

- 1.25 administrative specialist 2s,
- Seven compliance specialist 2s, and
- One compliance specialist 3.

If no other factors were considered, i.e. experience, turnover, type of report, etc., this unit would need additional staff to be 100% timely, address existing backlog, and address increases in contract amendment demands. Estimating a 15% increase in staffing to address these workloads would include:

- A half time administrative specialist (.2),
- 1.5 compliance specialist 2s (1.5), and
- A half time compliance specialist 3 (.2).

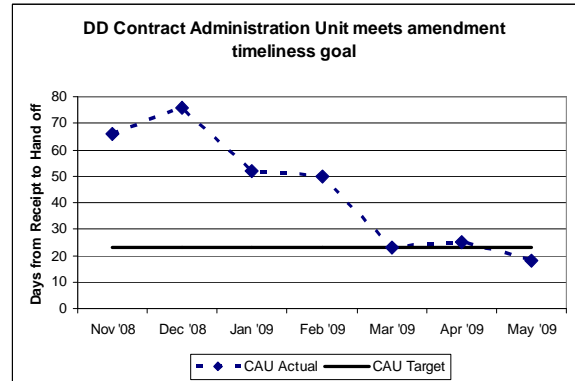
The DHS “Position Pricing” spreadsheet for ’07-’09 was used to compute the following total personal services costs for 12 months:

Position	Total Costs
AS2	\$0
CS2	\$90,503
CS3	\$0
Total	\$90,503 per year

By utilization of the RPI event to analyze the current process, determine and implement a revised process, DD CAU has avoided spending \$90,503.00 each year on personnel costs. This figure is salary and other payroll expenses only.

Quality: The use of a single electronic form with auto fill features, along with training and the reduction of required documents has increased the accuracy of information submitted thereby supporting fewer corrections and rework. Reports from DHS Office of Contracts and Procurement indicate a significant reduction in the number of errors detected at that point and fewer complaints from county partners.

Service: The improvement in timeliness to address contract amendments is demonstrated in the graph to the right. This improves the time required for counties and clients, who must otherwise wait for a contract amendment to be approved, thus improving the overall availability and timeliness of services.



LOGIC DESCRIPTION

Total cost avoidance:

1. Based on the 07-09 DHS position pricing spreadsheet. This figure is salary and OPE only.
2. Completed work lead = ((Average monthly referrals * % complete on time)/current staff)
3. Total cost = (new staff needed *cost)

ATTACHMENTS:

- Data Spreadsheet
- Reinvestment Plan