



Online Reporting and Customer Access

October 26, 2005 Information for Joint Legislative Task Force on State Contracts

Overview

The Department of Labor and Industries Insurance Services Division provides workers' compensation protection to all covered workers and employers in Washington. The division manages approximately 140,000 claims each year, paying benefits for medical costs and lost wages and providing services to 1.8 million workers, 160,000 employers and 25,000 health care and vocational rehabilitation providers. The division is responsible for all aspects of claim management including the initial allowance determination, calculation and payment of benefits, authorization and payment of medical and vocational rehabilitation services, and communication with injured workers and their representatives, employers, and medical and vocational rehabilitation providers. The processing of claims was primarily a paper-driven process until early 2005 when Phase One of the Online Reporting and Customer Access (ORCA) Project was implemented.

L&I received \$9.9 million in the 2003-05 budget to complete ORCA Phase One and provide the following capabilities to improve claims processing;

- A new integrated document management (IDM) system that includes imaging for claims staff and a prototype for external customers
- Customized web pages for workers, employers and providers to view workers' compensation information
- Business transactions that provide services to customers and providers on the Internet
- An infrastructure that allows flexibility for future expansion.

L&I awarded a \$3.7-million contract to FileNet, a California firm, to provide the IDM system. The contract included both personal and purchased services for project management, consulting, programming and application development. FileNet was selected after a request-for-proposal (RFP) process that drew seven bidders.

The evaluation process was designed to award the contract to the bidder with the best combination of attributes related to software features, work plan and methods, project organization and staffing, references and experience and cost. FileNet was selected because:

- The firm's overall score was highest
- The functionality of FileNet's product best met L&I's requirements
- The product fit best in L&I's technology environment

It was a decision by FileNet to have some of the IDM programming in fiscal year 2005 done in India and Russia. The cost of the programming totaled \$100,000.

The FileNet contract has been amended this biennium to expand the integrated document management system to four other programs in the agency. The firm has no current plans to perform any of the programming outside the United States

Concerns with Off-shore Programming

Concerns have been raised regarding potential risk in using off-shore programming resources. The risks frequently raised are

- Access to personal data through direct access to applications or data stores,
- Introduction of viruses
- Security breaches
- Software quality

To mitigate these risks, no data was provided or handled off-shore. The prime contractor was required to conduct a quality assurance review, preview all source code for virus and security breaches, and insure that all source code followed agency standards.

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