

**Bryan Klipfel, Director Workforce Safety and Insurance**  
**Testimony before the Information Technology Committee**  
**Tuesday June 26, 2012**  
**Harvest Room, State Capitol**  
**Bismarck, North Dakota**

I am here to give you an update on the Workforce Safety and Insurance software replacement system commonly referred to as the Advanced Information Management (AIM) System which is part of our Information Technology Transformation Program (ITTP).

Since the hearing in April, we have not received any more software releases. This should occur within the next two weeks. As in the past we will install the release and start testing it. If the past is a predictor of the future, we will see an improvement in test results. The question will be is it good enough to allow us to meet our September “go-live” date. In order for that to happen, we must have a very successful release from Aon and excellent performance on our part as well.

We have exercised good fiscal discipline and control with the Aon portion of the project. Our goal is still to remain within the approved budget of \$17.8 million. We don't control their performance on the releases and that has led to the delays in the project. As stated before, each delay results in more third party costs. Those costs keep going although at a lower rate now than earlier (reduced monthly contract with HCL for testing and project management).

Our other challenge has been bringing Mitchell “Smart Advisor” bill review on line. We implemented this, which is a portion of the claims implementation, last July. We started out with a lot of automation but after experiencing difficulties turned off the automation. As a result our bills owed to medical providers escalated to 43,500 totaling \$15.7 million at the end of May 2012. To head this off we hired temporary employees with experience, added two summer interns as well as reinitiating some automation in bill processing. As a result, over the last three weeks we have reduced the backlog of bills by 8,500.

The Executive Steering Committee has indicated that we may de-scope the policy portion of the project and concentrate on the claims portion. As we have stated consistently we will not go live until we are certain we can pay injured workers the benefits they are entitled to receive. I do believe that Aon is capable of delivering a claims software system that will serve our customers. We are being responsible with funding of the project. The ESC process has been helpful in sorting through the project and analyzing what we should do to help the project succeed.