Maryland
INSURANCE ADMINISTRATION

January 10, 2025

Via Email: jcr.docs@mlis.state.md.us

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West
11 Bladen Street
Annapolis, MD 21401

The Honorable Ben Barnes
Chair, House Appropriations Committee
House Office Building, Room 121
6 Bladen Street
Annapolis, MD 21401

RE: 2024_p43-44_MIA_Inurance Tracking System (ITS) Project Status

Dear Chair Guzzone and Chair Barnes:

Enclosed please find the Report of the Maryland Insurance Administration summarizing the Insurance Tracking System (ITS) Project Status as mandated by the Joint Chairmen's Report on the Fiscal 2025 State Operating Budget (SB 360) and the State Capital Budget (SB 361) and Related Recommendations ("Joint Chairmen's Report"). *See* p. 43-44.

Five printed copies and an electronic copy of this report have been mailed to the DLS library for its records.

Should you have any questions regarding this Report, please do not hesitate to contact me or the MIA's Associate Commissioner of External Affairs and Policy Initiatives, Jamie Sexton at jamie.sexton@maryland.gov.

Respectfully yours,

Marie Grant
Acting Commissioner

cc: The Honorable Bill Ferguson, President of the Senate
       The Honorable Adrienne A. Jones, Speaker of the House of Delegates
       Sarah T. Albert, Department of Legislative Services (5 copies)

Insurance Tracking System (ITS)
Project Status

Marie Grant
Acting Insurance Commissioner

January 10, 2025

For further information concerning this document contact:

Jamie Sexton
Associate Commissioner, External Affairs and Policy Initiatives
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, Maryland 21202
410.468.2408

This document is available in alternative format upon request
from a qualified individual with a disability.
TTY 1.800.735.2258

The Administration's website address: www.insurance.maryland.gov

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I. Introduction

Pages 43-44 of the Joint Chairmen's Report of 2024 for the FY 2025 budget year require the Maryland Insurance Administration (MIA) to submit two update reports on the status of the implementation of a new Insurance Tracking System (ITS). The first report was submitted on July 10, 2024, and contains an overview and background about the project generally.[1]

This report serves as the second update, covering the time period from July 1, 2024 to December 31, 2024.

II. Project Progress in Previous 2 Quarters

The project is divided into two phases. Phase 1 of 2 phases for the project is scheduled for Fiscal Year 2025. Within Phase 1/Fiscal Year 2025, there are 4 "Releases" planned. As mentioned in the first report, 68 sessions with the business units were conducted to complete the blueprint/architect of the project, and over 500 user stories were documented and discussed to outline the units' requirements in Phase 1. Each phase has a subset of releases that each business unit belongs to, comprised of further discovery sessions, implementation (development), testing, and go-live.

Release 1 was completed on June 10, 2024. Salesforce has worked on Release 2 and Release 3 during the previous two quarters. The two releases comprise of 6 business units in the Maryland Insurance Administration: Release 2 - Producer Licensing, Fraud, Enforcement; and Release 3 - Company Licensing, Property and Casualty Complaints, Rapid Response. During Release 2, Salesforce developed the system for the respective business units: service request management for Company Licensing, and case management and document management for Fraud and Enforcement. The implementation process included bi-weekly demonstrations to show each unit the progress of the development. From there, MIA units were assigned to do thorough testing and provide feedback on any issues they encountered. The MIA is working with an integration team with Salesforce Professional Services on integrating third-party systems such as State Based System (SBS), Regulatory Information Retrieval System (RIRS), and On-Line Fraud Reporting System (OFRS) from the National Association of Insurance Commissioners (NAIC). Salesforce also has a data migration team that works on moving data

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[1] The July 10, 2024 submission can be found online at
https://dlslibrary.state.md.us/publications/JCR/2024/2024_43-44_2024.pdf.

from the MIA's legacy Enterprise system, Enterprise Complaint Tracking System (ECTS), and various documents to the new system. The development took Salesforce 8 sprints (16 weeks) to complete.

The units of Release 2 were originally scheduled for User Acceptance Testing (UAT) and Go Live in late November 2024. However, due to concerns about staff absences during the holiday season, which would prevent critical testing and use of the system, MIA worked with SalesForce to merge the Go Live date of Release 2 with Company Licensing's Go Live Date (currently planned for May 2025) in Release 3. The MIA is currently in Sprint 4 of Release 3, and the remaining units of Release 3 (Rapid Response and P&C Complaints) will Go Live in early FY26 with L&H Complaints and Hearing units.

MIA has also made changes to the schedule due to needed integration with NAIC's Complaint Database System (CDS), which was not part of the original scope of work. The mitigation plan to add the CDS integration into the project with the least disruption and cost was to switch positions between two units - move up L&H Complaints to Release 4 and move back Market Conduct to Phase 2. This switch helps to optimize and maximize Salesforce work by aligning the two units (P&C Complaints and L&H Complaints) that use CDS by developing the integration once instead of twice, decreasing the amount of rework that is needed, and developing the systems in a layered approach.

With the arrival of Acting Commissioner Grant in October, project governance has also changed to ensure visibility and buy-in of this important work across MIA. A steering committee has been formed to make key decisions as they arise, which will meet at least monthly during calendar year 2025.

III.   Projected Tasks to Be Completed in the Following Two Quarters and Beyond

The expected progress over the next two quarters will focus on Release 3 and Release 4. Release 4 will begin in March 2025, and consist of two business units: the Office of Hearings and the Market Regulation and Professional Licensing Division. Release 4 is expected to go live in June 2025. Further data migration and integration from existing and incoming systems will continue to be focal points during the next two quarters. As previously mentioned, Release 2 and Release 3 will go live in March 2025.

The budget for the project for FY2025 is $9.2 million and the project currently remains within budget. In the previous report, we stated the expected cost of the entire project was projected to be approximately $20.8 million. The estimate did not include two items: the

Department of Information Technology oversight fees, which are set in statute as 5% of the planned Fiscal Year cost (minimum of $50,000 and a maximum of $500,000); and the contingency fund for the project, which was approved by the Department of Information Technology after the previous JCR report was submitted in July 2024. Overall, the projected cost was raised to $21.4 million to take into account these updates.

IV.   Actual Project Spending Over the Previous 2 Quarters

The actual total project spend over the previous two quarters is $2.4 million. This includes software and services. The MIA receives time and material invoices from the vendor approximately 2 months after the period of performance. Included in that $2.4 million cost, is $1.1 million of accrued FY 2024 funding and $1.3 million of FY 2025 funding. The MIA submitted a budget amendment for Fiscal Year 2025, for an additional $5.2 million to cover the project for the fiscal year. This was necessary as the full cost of the project was not confirmed until the design state was completed in February of 2024, after the initial submission of the Governor's Budget for FY 2025. The FY 2025 budget amendment was approved by the Department of Information Technology (DoIT), the Department of Budget and Management (DBM), the Department of Legislative Services (DLS), and the Governor's Office.

V.   Updates to Estimated Total Project Cost or Anticipated Project Timeline

In Fiscal Year 2026, Phase 2 of the project will begin. This phase will include most of the division of Life and Health, the Rates and Forms unit of the Property and Casualty division, and the Market Conduct unit. The following units within the Life and Health division are included Phase 2 of the project: Appeals and Grievances, Rates and Forms, Heath Insurance and Manage Care, Life and Annuities, and Mental Health Parity and Network Adequacy. An in-depth scope and discovery have not started yet for the Life and Health units, but an early estimate of the Phase 2 timeline is 50 weeks. The total budget for the project is currently approximately $21.4 million.