

## **MINUTES**

### **JOINT COMMITTEE ON INFORMATION TECHNOLOGY**

July 18-19, 2001  
Room 531-N—Statehouse

#### **Members Present**

Representative Jim Morrison, Chairperson  
Senator Tim Huelskamp, Vice-Chairperson  
Representative John Faber  
Representative Carl Krehbiel  
Representative Tom Burroughs  
Representative Doug Gatewood  
Senator Paul Feleciano, Jr.  
Senator Larry Salmans  
Senator Jay Emler

#### **Staff Present**

Julian Efird, Kansas Legislative Research Department  
Audrey Nogle, Kansas Legislative Research Department  
Mary Torrence, Revisor of Statutes Office  
Gary Deeter, Committee Secretary

#### **Conferees**

John Houlihan, Director of Purchases, Kansas Department of Administration  
Charlie Beard, Epylon Corporation  
Mark Joern, Accenture  
Christiane Swartz, Administrator for Health Care Policy, Department of Social and Rehabilitation Services  
Steve Patterson, Chief Information Officer, Department of Social and Rehabilitation Services

**July 18, 2001**  
**Morning Session**

During the morning, members of the Joint Committee on Information Technology attended the "Connecting a Thousand Petals to a Sunflower" KAN-ED Conference at the Maner Conference Center, Topeka Expocentre. Jerry Niebaum, Planning Coordinator for the KAN-ED project, and Kim Wilcox, Executive Director, Kansas Board of Regents, outlined the project: building a broadband statewide network for libraries, hospitals, schools, and universities. Tom West, Executive Director of the Corporation for Education Network Initiatives in California, reviewed California's experiences in building a statewide network; and Carol Woolbright, Coordinator, Kansas Distance Learning Consortium, outlined the consortium's progress in building an education network which follows the corridors of the Wolf River (northeast Kansas), I-70 to Hays, and US 69 (southeast Kansas).

**Afternoon Session**

Audrey Nogle, Kansas Legislative Research Department, distributed a map outlining e-procurement in the United States (Attachment 1) and a copy of **HB 2119** (Attachment 2) which established a pilot project for reverse-auction electronic procurement. She noted that during the House e-Government Committee hearings on electronic bidding, proponents tended to be school districts and opponents tended to be the construction industry.

John Houlihan, Director of Purchases, Department of Administration, reported on the status of the electronic procurement pilot project (Attachments 3 and 4). He noted that E-procurement could include vendor on-line registration, on-line Request for Quote/Request for Proposal, on-line bidding procedures, electronic catalogues, and electronic auctions. He said the Purchasing Division has used on-line RFQ/RFPs since 1999, and that the Division makes available all state contracts on-line, and utilizes on-line catalogues. Gathering information from the Gartner Group, he will propose model legislation for e-procurement next session, noting that presently no agency has authority to accept on-line bids. He said the Division issued an RFP on July 17, 2001, to select a vendor for a pilot reverse auction. Answering questions, he said the public sector is generally restricted to a bidding process, whereas the private sector has more latitude for purchases.

The concept of "reverse auction" was explained in terms of the bid price moving downward rather than up as bidders compete for a contract to supply goods and services. The request for quotations indicates that a "reverse auction" may be used. After the initial closing, paper bids are reviewed to determine if savings are sufficient when compared with historical costs. If potential additional savings appear to be possible, vendors are contacted when a reverse auction date is set. At a pre-announced time, bidders may bid real-time against each other for a price at which goods and services will be provided. HB 2119 will

be implemented to test the concept of a reverse auction this fall, probably using fleet vehicles or other large dollar purchases for the first reverse auction.

Charlie Beard, representing the Epylon Corporation, demonstrated how an e-catalogue can be used. Mark Joern, a consultant with Accenture, reviewed the benefits of e-procurement for state governments, saying the process saves time and paper, reduces errors, improves contract compliance, extends market penetration, and increases competition (Attachment 5). He also noted that most states are using electronic catalogues, some are trying online RFQs and reverse auctions, but no states are receiving competitive sealed bids online.

*A motion by Representative Gatewood, seconded by Representative Burroughs, to approve the minutes of the June 20-21, 2001, JCIT meeting was adopted.*

Steve Patterson, Chief Information Officer, Department of Social and Rehabilitation Services (SRS), announced that the 1996 federal Health Insurance Portability and Accountability Act (HIPAA) will require major re-engineering of the agency's Medicaid Management Information System (MMIS) (Attachment 6). He said that because MMIS was created on a platform from the 1980s, he recommends building a new system. He introduced Christiane Swartz, SRS Administrator for Health Care, who outlined the federal requirements in HIPAA, saying that SRS is allowed only 26 months from April 2001 to complete the system even though federal guidelines are not yet complete. She said presently the agency is developing an RFP with the assistance of PSI, and expects to sign a contract with a vendor by January 2002. Don Heiman, Executive Chief Information Technology Officer, said the HIPAA specifications significantly impact the insurance industry, the health care industry, local governments, and 15 agencies of state government. He noted that HIPPA includes serious penalties for noncompliance. He recommended folding HIPAA into a new system rather than trying to modify the present MMIS. He said preliminary cost estimates were about \$30 million, 10 percent from the State General Fund and 90 percent from the federal government. Members expressed concern about the abbreviated time allowed and the potential costs. Summary information was requested (see supplement 1).

Mr. Patterson outlined another SRS initiative, Seat Management, by which the agency would lease computer workstations rather than own them (Attachment 6). He said that, based on Gartner Group estimates, the agency ownership costs total \$4,687 per personal computer (acquisition, maintenance, software, training, disposal). He reported that the agency has over 5,000 personal computers and over 6,300 employees. The leasing would provide more up-to-date machines, eliminate licensing problems, offer statewide service, and allow predictable cash flow. He said the project team has selected six vendors who meet or nearly meet specifications. A vendor should be selected by August 2001.

Observing that most SRS information systems date back to the 1980s, Mr. Patterson outlined the agency's development of client-server technologies (called the Client Information System) that will integrate the various information platforms across the agency and allow workers to capture data one time and make it available throughout the agency.

The project will anticipate future business needs and include them in the system, which is projected to be completed by July 2003. He said a project plan will be submitted to the CITO within 60 days.

Discussing the implications of HIPAA, JCIT members suggested alerting legislative leadership, such as the Chairpersons of the Senate Ways and Means and House Appropriations, members of the Legislative Coordinating Council, as well as the Governor. They also suggested contacting the Kansas Congressional delegation.

### **July 19, 2001 Morning Session**

Terri Clark, Database Manager, Legislative Computer Services, introduced JCIT members to the Liberty Document Management System, a legislative database of documents that allows creating, tracking, retrieving, collaborating, and editing of documents by various legislative staff and legislators. Members spent the morning in Statehouse Room 527-S using facilities in a computer lab to familiarize themselves with Liberty (Attachments 7 and 8).

### **Afternoon Session**

JCIT members attended the bimonthly meeting of the Information Technology Executive Council from 1:00p.m. to 3:00 p.m. in the KPERS Conference Room, 611 South Kansas Avenue. Information was presented regarding the new Budget Management System (Division of Budget), the Public Key Infrastructure Certification Policy (Secretary of State's Office and Kansas Department of Transportation), HIPAA requirements on the state (SRS), Microsoft's new licensing structure (Division of Information Services and Communications), and status reports for agency projects (Kansas Information Technology Office).

The next JCIT meeting is scheduled for Wednesday and Thursday, August 22-23, 2001.

Prepared by Gary Deeter  
Edited by Julian Efirid

Approved by Committee on:

August 22, 2001

(Date)

