

Integrated eligibility's time has finally arrived.



Why it's time to rethink your approach to integrated eligibility system modernization

A little over a decade ago, motivated in large part by the Patient Protection and Affordable Care Act (ACA) of 2010, as well as the enhanced Federal Financial Participation and temporary suspension of the traditional cost allocation rules, many US states began making a big push to modernize and integrate their benefits eligibility systems. These systems are used to determine eligibility for Medicaid and other social services programs such as the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF), among many others.

Although the ACA was a primary driver, states had long envisioned updating and integrating these systems to eliminate data silos and duplicated effort for applicants, clients and agencies alike since eligibility for one program can often mean eligibility for others.

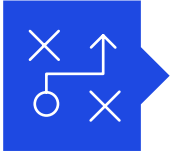
In 2011, the Federal government stepped up with funding, and the integrated eligibility system (IES) modernization “gold rush” was on—with “rush” being the operative word since the ACA imposed extremely tight deadlines for compliance.

While many states have made impressive strides, the results have not been entirely positive, with efforts often plagued by high costs and implementation

challenges. After more than a decade of effort, just 32 states plus the District of Columbia had integrated three or more benefits programs and many of those were achieved with sub-optimal technology and business functionality. Most states (30) focused on the “big three” programs: Medicaid, SNAP and TANF. The cost and complexity of delivering even a minimally integrated system for these three programs, given cross-agency policy and program differences and data privacy concerns, has meant that other programs have had to take a back seat. Only 22 states, for example, have integrated their Child Care Assistance Program (CCAP) and just four have integrated the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).¹

But we're now at the dawn of a new era. Fresh approaches, technology advances and new entrants into the field have come together to offer states an alternative solution to the challenge. With the convergence of technological advances, growing public expectations and operational imperatives, integrated eligibility's time has finally arrived. It goes beyond being a mere technical priority; it's a strategic imperative that can help states address immediate challenges, improve service delivery, enable innovation and enhance constituent outcomes, while positioning them for sustainable long-term success.

¹ Source: “What the online enrollment experience for safety net benefits looks like across America,” Code for America benefits enrollment field guide, 2023, May 26, 2023



What's wrong with the previous approach?

Armed with the benefit of hindsight, we can see that the largest contributor to first-generation IES difficulties may simply have been bad timing. Although the cloud was far from new in 2011, it had not yet matured to the point we see it today, and most government chief information officers (CIOs) would have had little experience implementing solutions utilizing it. Taking a cloud-native approach or integrating multiple software as a service (SaaS) applications to form a complete solution would have seemed foreign and risky to many at the time.

They would therefore naturally address challenges like this with a “build a custom application” approach, the same tried-and-true methodology that had been used for the previous twenty years.

The effect of this decision, however, is that it locked agencies out of the incredible advancements cloud companies would make over the next dozen or so years. As a result, these “modern” IESs were never quite modern from the outset. Had the ACA been passed even just a few years later than it was, the approach would likely have been remarkably different.



Transferring more than just software

Recognizing the inefficiency of each state developing its own custom IES application, system integrators (SIs) would typically develop a core application that they would then resell or transfer to other states. These transfer solutions would reflect another state’s perhaps inefficient business practices and would often be based on outdated technology and solution architectures. The SI would then handle the customization work to remove the functionality that was specific to the system from which the transfer originated—while creating new custom code required for the core application function in the new state, given the disparities in requirements and technology dependencies of different programs. However, the differences between programs and the multiple agencies administering them proved to be far greater than many had anticipated. The customizations became a greater part of the effort, eliminating any hoped-for efficiencies.

The transfer system also meant that the same legacy application—and what was already by then an outdated technology and architecture—would be propagated to multiple states, along with its challenges and limitations and the inevitable frustrations of agency heads, CIOs, lawmakers and constituents.



Why new approaches can now revolutionize IES modernization



The advancements in cloud technologies and delivery models over the last dozen years, and developments in other technologies that have built on those advances, have proven to be game changers in application design.

Cloud service models, for example, have matured. Platform as a service (PaaS) and infrastructure as a service (IaaS) have joined SaaS, providing software developers and their customers with more flexible and powerful options. Containerization and microservices architectures are enabling software development teams to work at an unprecedented speed and scale by simplifying or eliminating many of the complexities associated with a traditional server environment. Low-code solutions are enabling people to create or change rules, processes or integrations with a simple drag-and-drop user interface instead of arcane software languages and development tools.

Over the same time span, many SaaS providers have introduced features or released versions specific to the needs of government agencies. Salesforce, for example, the leader in cloud-based customer relationship management, now offers a version specifically designed for public sector benefit management.

Because of these and many similar advancements, any state contemplating or struggling with an IES project would surely benefit from a modular cloud-native approach. The potential advantages are compelling:



The current landscape offers a unique chance to reimagine integrated eligibility. Cloud technology and AI advancements are making 'no wrong door' access a reality in both essence and practice. Initially focusing on accessibility with the Affordable Care Act (ACA), we now have the ability to align and integrate backend programs and processes. This integration creates a complete Customer 360 perspective, resulting in a superior Total Experience with improved efficiency and outcomes.

— **Rod Bremby, Regional Vice President, Digital Transformation Go-to-Market, Global Public Sector, Salesforce**



Faster development and lower costs

Implementation of a modular, cloud-native solution can be dramatically faster—you can often have a fully functioning system in a few months or even weeks instead of years. Integrating agencies into a centralized eligibility system is similarly faster.

This approach can significantly lower design, development and implementation (DDI) costs. It can lower operations and maintenance costs (O&M), resulting in lower total cost of ownership (TCO). Cloud-native solutions can also typically be easily configured to automatically scale up or down to meet any conceivable short-term or long-term increase in demand—a far cry from the expensive and time-consuming effort required with a legacy architecture.



“Future-proof” your investments

Few could have foreseen the impact of the COVID-19 pandemic on state health and human services (HHS) agencies, or the influence of recent social, economic and health factors that have shaped legislative priorities and today’s dynamic landscape.

Hard-coded, purpose-built applications will serve the need they’re designed for at the time—but not any significant departure from that. In comparison, the modular “as a service” nature of a cloud-native architecture is designed for flexibility. This can help to reduce vendor lock-in and drive long-term viability and resilience, making it simpler to adapt to changes in technology, regulations and social demands.

It also offers organizations far greater flexibility and agility by making it easier to take advantage of new capabilities or features such as artificial intelligence (AI), automated language translation or compliance material updates without having to develop these capabilities on their own or re-engineer an application to integrate them.

Process modifications—adding or modifying a rule or requirement, for example—are faster and simpler, too. In many cases, you can simply change a rule or configuration using an intuitive web-based dashboard; no special skills or expensive software projects required.



The ability to leverage the investments and economies of scale of major software providers

Major cloud solution providers make massive investments in their solutions and enjoy tremendous economies of scale. Salesforce, for example, employs thousands of developers, and has an even larger group of independent developers—all continually improving its software. Advanced features such as generative AI (GenAI) can instantly become available for customers of such leading cloud solutions without having to do much more than check a box (and often not even that).

It would be unrealistic to expect any state government or system integrator to compete on an equal footing with such major players, and try to replicate the advanced functionality, security and scalability of their solutions. Yet with a purpose-built application, that’s exactly what they’re trying to do.



An improved customer experience with human-centered design

The emphasis that leading cloud providers place on the customer experience is more than just a “nice to have” feature—it’s essential for agencies to fulfil their mission and something now demanded by applicants and clients today given how high the bar has been set by the private sector. Agencies have made tremendous strides in this area in recent years, but many opportunities remain to incorporate their clients’ lived experience into their application designs.

Consider that many people now use a smartphone as their only means of internet access or communications. In 2021, Pew Research noted that 27% of adults living in households earning less than \$30,000 a year were smartphone-only internet users—a number that’s been growing significantly each year.² Yet only around half of all states’ benefits programs have a website designed to function properly on mobile devices—so called “mobile responsive” sites.³

With the unwinding of the Medicaid continuous coverage requirement, as of the beginning of 2024, more than 17 million people had been disenrolled from Medicaid. Seventy percent of those had their coverage terminated for procedural reasons—not because they no longer qualified but because they did not complete the renewal process, which can occur when the state has outdated contact information or because the enrollee does not understand or otherwise does not complete renewal packets within a specific timeframe.⁴ Such churn can result in access barriers for constituents, as well as increased administrative costs.⁵

Powerful, feature-rich solutions are available “off the shelf” to help agencies address such issues and improve the customer experience. Again, with a modular cloud model, rather than trying to duplicate the capabilities of these solutions and keep pace as they continuously improve them, you can simply plug them in.

² Source: “Mobile fact sheet,” Pew Research Center, April 2021

³ Source: “What the online enrollment experience for safety net benefits looks like across America,” Code for America benefits enrollment field guide, 2023, May 26, 2023

⁴ Source: “Medicaid enrollment and unwinding tracker,” KFF, February 22, 2024

⁵ Source: Jennifer Tolbert and Meghana Ammula, “Ten things to know about the unwinding of the Medicaid continuous enrollment provision,” KFF, June 9, 2023



Improved employee satisfaction and agency performance

Of course, the benefits of a human-centered design apply equally to agency workers as they do to the constituents they serve. Certainly, more intuitive and streamlined user interfaces can help to improve productivity and employee satisfaction. Real-time insights and data-driven decision-making can empower users and improve agency performance and client outcomes.

But more importantly, instead of the technology-centered approach of the past, a human-centered approach means you can focus on what you're trying to accomplish instead of the technology that's required to accomplish it. Workers can focus on client and applicant needs and outcomes instead of "transaction processes." The technology bends to serve the needs of the agency, its workers and the people it serves rather than the other way around.

The cost of doing nothing

This all sounds great, but has the ship already sailed? An agency's current IES may not be ideal and different choices may have been made if the ACA had been passed today, but if it ain't broke, don't fix it, right? Even if it is "broke," how does an agency sell a modernization project to government leaders when they've only recently "modernized" this very system?

The good news is that the speed and flexibility of the cloud model can enable agencies to incrementally implement the new functionality, rather than a wholesale rip and replace. Legacy systems can be integrated like any other modular component. Investments you've already made are protected.

The cost of doing nothing and simply staying the course will inevitably become unsustainable if it hasn't already. It's not just a monetary cost; it's also a cost paid by constituents and workers with frustration and poor outcomes.

As most states continue the effort to modernize and integrate benefits systems, now is the time to break the cycle and reassess the approach.

Why KPMG

KPMG has worked with governments for more than 100 years. We have a deep understanding of the challenges faced by agencies today, and we know how to overcome them. Our teams work closely with agencies to modernize outdated technology and business processes, creating positive change that benefits government workers, constituents and communities. Leveraging our experience spanning many large and complex integrated eligibility and other HHS modernization initiatives, we offer an approach backed by industry-leading methodologies and technology frameworks to incrementally modernize and "future-proof" your IES investment.

Our proprietary KPMG Enterprise Reference Architecture (KERA) for HHS provides a blueprint for what a best-in-class HHS enterprise looks like across the full spectrum of HHS programs. We've thoughtfully applied KERA and our many years of knowledge and experience to a solution that is unleashing the potential for states to deliver, monitor and manage programs more effectively than ever before. The [KPMG Resource Integration Suite \(KRIS\)](#) is a modern, flexible, and configurable solution designed to help states overcome years of frustration with their existing IES solution—without the pain of rip and replace. It includes the [KRIS Connected System Integration Platform \(SIP\)](#) and [KRIS Benefits Management "app"](#) powered by [Salesforce Public Sector Solutions](#).

The modular SaaS solution is built on industry-leading third-party products pre-configured with KPMG intellectual property to meet agencies' public benefits management and integration needs. It empowers states to adjust readily to changing laws and regulations, easily incorporate business processes changes and adapt seamlessly to technological advancements such as GenAI. Combining pre-configured enterprise architecture asset accelerators, low-code tools, integrated case management, advanced analytics, AI, and an omni-channel client experience, KRIS Benefits Management is powering the future of integrated eligibility.

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