State of Utah

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Lieutenant Governor

Utah Department of Health

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October 1, 2012

Jonathan Ball, Director
Office of Legislative Fiscal Analyst
State Capitol Complex
House Building, Suite W310
Salt Lake City, UT 84114

Reference: Medicaid Management Information System Quarterly Report - Revised

Dear Mr. Ball:

Legislative intent language from the 2012 Legislative General Sessions directs the Utah Department of Health to report quarterly on the status of replacing the Medicaid Management Information System (MMIS). This letter and its contents constitute the Department's report for the quarter ending September 30, 2012.

MMIS Replacement Project Status by Component

Pre-Payment Editing System

The editing software has been in production since December 20, 2010. The total avoided claim payments for the third calendar quarter of 2012 was $959,207, the amount avoided since the implementation of the system is $4,480,411.

Fraud and Abuse Detection System (FADS)

The requirements for a FADS tool will be incorporated with the development of the new MMIS replacement. In the interim, the Department is providing the necessary data extracts and clarification of the data to the Medi-Medi contractor. The vendor is utilizing the State's data to analyze Medicare-to-Medicaid claims.

Point of Sale (POS) and Drug Rebate Management System (DRMS)

The POS/DRMS contract was awarded to Goold Health Systems (GHS). The Point of Sale System was implemented on February 19, 2012. The DRMS went into production April 16, 2012. The 2012 first quarter rebates were invoiced in May utilizing the new DRMS. A Pharmacy Provider Portal is the last functionality to be implemented as part of this project. The Portal will, in part, allow prescribing providers to submit prescriptions and prior authorizations, and verify eligibility. GHS demonstrated the Portal functionality on September 20, 2012 with plans to implement the Portal in production on or around October 01, 2012.

Data Warehouse Upgrade

The Data Warehouse upgrade was completed in February 2011 and is in production.

Core MMIS replacement

The Department received $3 million in general fund in FY2011, which is a portion of what is needed to replace the entire system. Using the initial appropriation, the Department proceeded with work on the system components mentioned above and carried forward a balance of $2,488,000 into FY 2012. The Department received an additional $3 million in general fund for FY2012 for a total of $5,488,000. The Department did not receive additional funds for FY2013. Total expenditures as of FY 2012 close-out were $2,273,536. Of this amount, $227,354 was General Fund. The Department has carried forward a balance of $5,261,048 into FY 2013.

On February 2, 2012, the Department received approval from CMS for both the Implementation Advanced Planning Document (IAPD) securing enhanced federal funding and the Request for Proposal (RFP) for the core system replacement. The RFP was posted on the State Purchasing Bid Notification System, BidSync on February 2, 2012. The Department received four letters of intent from potential bidders. Two vendors completed and submitted proposals by the closing date of the RFP—May 2, 2012. The Department was in the process of evaluating the proposals as of the closing period of the last report.

Xerox attended oral presentations on July 18th and 19th; CNSI attended oral presentations on July 25th and 26th. The Technical Evaluation Team met with the State of Utah Purchasing Agent on July 31st and reviewed their updated technical scores incorporating reference checks and the oral presentations. CNSI received more technical points and was priced lower so it was selected as the winner. There was no protest of the decision to award.

The State received a total of six responses to the Independent Verification and Validation (IV&V) RFP. Department staff are currently in the process of reviewing the bids and will hold oral presentations in October 2012.

The program governance, communications and risk / issues / work plan management structures have been ratified and are in place. Weekly program meetings have begun internally. Additionally, three coordinating committees are meeting regularly. These are the Sub-Cabinet Committee, a program committee to work through technical issues and a multi-agency project committee (which includes DOH, DHS, DTS and DWS).

Specific Accomplishments of the Planning Project

- State Self-Assessment completed
- Assessment of State Capabilities completed
- Gap Analysis completed
- Cost/Benefit Analysis completed
- Request for Information (RFI) completed
- Requirement Analysis and Documentation drafted
- Draft I-APD for System Design, Develop, Implement (DDI) completed
- Draft RFP for Core System Development written
- FADS I-APD submitted to CMS Regional Office and approved
- FADS I-APD amendment approved by CMS
- FADS Request for Proposal (RFP) submitted to CMS Regional Office and approved
- FADS RFP posted on BidSync

- FADS canceled-5 year functionality provided free of charge by CMS Medi-Medi project
- Pre-Pay RFP posted and contract awarded
- Pre-Pay project implemented
- Point of Sale (POS) I-APD approved
- Point of Sale (POS) RFP approved
- Point of Sale RFP posted on BidSync
- Point of Sale responses evaluated
- Point of Sale intent to award was sent
- Point of Sale contract awarded to GHS
- Data Warehouse RFP posted and contract awarded
- Data Warehouse upgrade completed
- I-APD submitted to CMS for review and approval
- DDI RFP submitted to CMS for review and approval
- Draft core IV&V RFP circulated for internal comment
- I-APD approved
- DDI RFP Approved
- DDI RFP posted on BidSync
- IV&V RFP submitted to CMS for review and approval
- DDI RFP responses being evaluated
- IV&V RFP Approved
- IV&V RFP posted on BidSync
- DDI BAFO received
- DDI Contract Awarded
- DDI Protest period cleared without protest
- IV&V RFP responses being evaluated
- MMIS Replacement Project has begun Phase 0 – State Preparatory Tasks required for vendor arrival and vetting / updating of system requirements

Please let me know if you have any questions related to this report. You can reach me at (801) 538-6689.

Sincerely,

Michael Hales
Deputy Director, Department of Health
Director, Division of Medicaid and Health Financing