



INTENT LANGUAGE AND NONLAPSING BALANCES FOLLOW-UP

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

The objective of this issue brief is to determine if the Department of Health complied with the 27 intent language statements adopted by the Legislature during the 2013 General Session and 23 intent language statements from the 2012 General Session that had impacts through June 30, 2013. This issue brief provides a follow up to each of the pieces of intent language passed. The Analyst has no concerns of non-compliance. Additionally, the purpose of this issue brief is to inform the Social Services Appropriations Subcommittee of \$47,213,600 in nonlapsing balances at the end of FY 2013 for the Department of Health. The Department of Health originally requested additional nonlapsing authority of \$2,218,000. This brief is for informational purposes only and requires no Legislative action.

DISCUSSION AND ANALYSIS

Intent Language Overview

The Analyst has no concerns of non-compliance with any intent language issued last year, neither does the Department of Finance. The following is a list of 27 legislative intent statements from the 2013 General Session with the Department of Health's response or comments by the Analyst. Intent language may be adopted by the Legislature to explain or place conditions on the use of funds. Intent language is binding for one year and may not contradict or change statutory language. Follow up to intent language related to ARRA (federal stimulus) funding can be found in the Issue Brief entitled "*ARRA Funds Approval*." The Subcommittee may want to direct the agency to take further action on the information presented in the reports requested by the Legislature.

Intent Language from the 2013 General Session

There are 27 intent language statements reviewed below. These 27 statements can be grouped into the following three categories:

1. Providing nonlapsing authority of more than \$51.3 million in FY 2014 from FY 2013 funds (22 intent language statements). The table below details the \$12.8 million of specific nonlapsing authority provided as well as the seven areas with unlimited nonlapsing authority. The Department of Health has \$10,527,000 in nonlapsing from these intent language statements with specific maximums. For more information on the purposes and uses of these nonlapsing balances, please see the section below entitled "*Nonlapsing Balances*."
2. Providing specific direction (two intent language statements)
3. Requiring a report (three intent language statements)

Agency-initiated requests for nonlapsing authority for General Fund represented about 3% of General Fund spent in FY 2013 for those divisions with initiatives for nonlapsing authority. The second table below has a summary of this information. Some of the nonlapsing requests listed above were to retain funds other than General Fund or were not initiated by the Department of Health.

Nonlapsing Authority via Intent Language		
Purpose	Authorized Total	Actual Nonlapsing
Medicaid Management Information System Replacement	\$ 5,200,000	\$ 3,653,400
Autism Services (HB 272)	\$ 4,500,000	\$ 4,058,100
Federally-mandated Projects	\$ 425,000	\$ 425,000
Drug Prevention Programs	\$ 500,000	\$ 500,000
Primary Care Grants Program	\$ 400,000	\$ 242,800
Laboratory Equipment	\$ 300,000	\$ 300,000
Emergency Medical Services - Fees	\$ 250,000	\$ 220,000
Licensure and Certification Activities	\$ 245,000	\$ 245,000
Early Intervention Services	\$ 220,000	\$ 220,000
Facility Plan Review Activities	\$ 210,000	\$ 193,400
Equipment and Improvements	\$ 175,000	\$ 175,000
Licensing Activities	\$ 130,000	\$ 95,000
Computer Equipment	\$ 90,000	\$ 90,000
Computer Equipment	\$ 50,000	\$ 50,000
Bleeding Disorders Program	\$ 50,000	\$ 17,400
Medicaid Mandatory Services	all	\$23,949,600
Medicaid Optional Services	all	\$ 9,995,200
Children's Health Insurance Program	all	\$ 1,403,300
Medicaid Sanctions	all	\$ 982,900
Civil Money Penalties	all	\$ 243,700
Emergency Medical Services - Fines	all	\$ 133,100
Provider Trainings (Child Care)	all	\$ 20,700
Total	\$12,745,000	\$47,213,600

Summary of Agency-initiated Requests			
Line Item	FY 2013 Actual General Fund	Nonlapsed General Fund	%
Executive Director's Operations	\$ 4,628,300	\$ 90,000	2%
Family Health and Preparedness	\$ 16,657,600	\$ 600,200	4%
Disease Control and Prevention	\$ 12,032,100	\$ 475,000	4%
Medicaid and Health Financing	\$ 4,374,100	\$ 50,000	1%
Total	\$ 37,692,100	\$ 1,215,200	3%

1. Nonlapsing Authority for Computer Equipment in the Executive Director's Office (H.B. 3, Item 69):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Executive Directors Office in Item 1 of Chapter 14 Laws of Utah 20112 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to \$90,000 for computer equipment, software, and employee training. (The agency nonlapsed \$90,000).

Agency Response: "The division anticipates the entire \$90,000 and more will be expended for [Data Processing] equipment and replacement in FY14."

2. Nonlapsing Authority for Health Facility Licensure and Certification Activities (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$245,000 of Item 2 of Chapter 14, Laws of Utah 2012 for Family Health and Preparedness not lapse at the

close of Fiscal Year 2013. The use of any nonlapsing funds is limited to health facility licensure and certification activities. (The agency nonlapsed \$245,000).

Agency Response: “The nonlapsing funds will be used for hire an additional survey team to ensure the Department is meeting CMS Certification requirements and standards, as well as state licensing requirements. The additional staff will allow the Bureau to meet the state match for Medicaid funds to hire an additional survey team. The additional survey team will allow the surveys of health facilities throughout the state to be current and timely. After nonlapsing funds are expended, we will pursue a building block for adequate staffing or seek internal remedies within the Department for funding of survey staff.”

3. Nonlapsing Authority for Testing Supplies and Processes for Emergency Medical Services (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$250,000 of Item 2 of Chapter 14, Laws of Utah 2012 for Emergency Medical Services not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to testing, certifications, background screenings, replacement testing equipment, and testing supplies. (The agency nonlapsed \$220,000).

Agency Response: “The nonlapsing funds will be used for practical and written testing for EMS certification. Training requirements include classroom hours, certain hours of clinical experience, and a competency exam. Quality assurance reviews will also be conducted by staff for courses, recertification practical testing and licensing.”

4. Nonlapsing Authority for Criminal Fine and Forfeiture Money for Emergency Medical Services (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that criminal fines and forfeiture money collected for Emergency Medical Services in Item 2 of Chapter 14, Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to purposes outlined in Section 26-8a-207(2). (The agency nonlapsed \$133,100).

Agency Response: “The nonlapsing funds will be used in accordance with statute, which includes EMS grants and administrative costs. These funds will be distributed to all local EMS agencies and training centers to be used for the purchase of equipment, supplies, and EMS training to help deliver emergency medical services to the citizens of the state.”

5. Nonlapsing Authority for Civil Penalty Money from Childcare Provider Violations (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that civil money penalties collected for Item 2 of Chapter 14, Laws of Utah 2012 from childcare care provider violations not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to trainings for providers, staff and upgrades to the Child Care Licensing database. (The agency nonlapsed \$20,700).

Agency Response: “Nonlapsing Childcare funds are used to deliver ongoing training throughout the state to assist providers in complying with the rules. Nonlapsing funds are used for trainer salaries and for in-state travel costs and training materials. Funds collected in one year are used to pay for training in the next year. We anticipate spending all the nonlapsing funding this year.”

6. Nonlapsing Authority for Civil Penalty Money from Childcare and Health Care Provider Violations (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that civil money penalties collected for Item 2 of Chapter 14, Laws of Utah 2012 from health care provider violations not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to providing services to nursing home facility residents or as specifically directed by the Centers for Medicare and Medicaid Services. (The agency nonlapsed \$243,700).

Agency Response: “Nonlapsing funds are used to deliver ongoing training and a portion of a salary to provide patient safety initiative. Other uses of the Civil Money Penalties must be authorized by CMS. The Denver Regional Office component of the Western Division of Survey & Certification (WDSC), as delegated by both CMS Central Office Leadership and the WDSC Associate Regional Administrator, has approved the Utah Department of Health, Bureau of Health Facility Licensing to utilize federal Civil Money Penalties (CMPs) to offset the cost of the new FBI fingerprinting requirements for Background Criminal Information (BCI) checks. BCI checks are now required for all provider staff and volunteers that have access to patients in nursing homes. Previously, only staff with direct patient care duties were required to have a BCI check. It is intended to use up to CMPs during State Fiscal Year 2014 to subsidize \$15 of the \$51 licensing fee for each renewal application for nursing facilities. The subsidization would only apply to renewal applications that require new FBI fingerprint information. This would not apply to new hires the facilities submit. It is estimated that there will be approximately 23,300 renewal applications during the state fiscal year. The \$15 subsidy for background checks will end June 30, 2014. By that time, all of our health care providers will be using the new screening system and all current staff will be entered into that system.”

7. Nonlapsing Authority for Bureau of Health Facility Licensure, Certification and Resident Assessment for Plan Reviews (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$210,000 of Item 2 of Chapter 14, Laws of Utah 2012 from fees collected for the purpose of plan reviews by the Bureau of Health Facility Licensure, Certification and Resident Assessment not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to plan review activities. (The agency nonlapsed \$193,400).

Agency Response: “The nonlapsing funds for Health Facility Licensing/Certification are used for evaluating health care facility new construction and remodel projects to endure compliance with appropriate building and fire codes in accordance with stat health facility construction rules. The funds are used for salaries for architects and inspection staff to complete construction inspections this year.”

8. Nonlapsing Authority for People with Bleeding Disorders (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$50,000 of Item 2 of Chapter 14, Laws of Utah 2012 of unused funds appropriated for the Assistance for People with Bleeding Disorders Program not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to services to eligible clients. (The agency nonlapsed \$17,400).

Agency Response: “During FY 14, the nonlapsing funds for Bleeding Disorders will be included in the contract with the Utah Hemophilia Foundation, who will distribute this funding to additional eligible individuals for the cost of obtaining hemophilia services or the cost of insurance premium coverage of hemophilia services.”

9. Nonlapsing Authority for Primary Care Grants Program (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$400,000 of Item 2 of Chapter 14, Laws of Utah 2012 for Primary Care Grants Program not lapse at the

close of Fiscal Year 2013. The use of any nonlapsing funds is limited to final Fiscal Year 2013 contract payments or additional distributions to eligible primary care providers (The agency nonlapsed \$242,800).

Agency Response: "The nonlapsing funds for Primary care will be incorporated and distributed to grants for the FY14."

10. Nonlapsing Authority for Early Intervention Services (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$220,000 of the appropriations provided for the Family Health and Preparedness line item not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to early intervention services in the baby watch program. (The agency nonlapsed \$220,000).

Agency Response: "The nonlapsing funds for the Baby Watch Early Intervention will be incorporated and distributed to program providers in during FY14 for services provided."

11. Nonlapsing Authority for Health Facility and Licensing Activities (H.B. 3, Item 71):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$130,000 of the appropriations provided for the Family Health and Preparedness line item not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to health facility and licensing activities. (The agency nonlapsed \$95,000).

Agency Response: "The nonlapsing funds will be used for hire additional staff for the Bureau to meet state licensing and certification requirements. The additional staff will allow the surveys of health facilities throughout the state to be current and timely."

12. Nonlapsing Authority for Equipment and Improvements for the Medical Examiner (H.B. 3, Item 72):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Disease Control and Prevention in Item 3 of Chapter 14 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to the following: \$175,000 for replacement computer equipment, software, laboratory equipment, and for facility improvements/expansion for the Office of the Medical Examiner (The agency nonlapsed \$175,000).

Agency Response: "The nonlapsing funds will be used to replace obsolete computer equipment, upgrade the autopsy and specimen handling facilities, and equipment. Upgrading and replacement is necessary to maintain the required national medical examiner standards and proper documentation while handling an increasing workload of cases."

13. Nonlapsing Authority for Laboratory Equipment (H.B. 3, Item 72):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Disease Control and Prevention in Item 3 of Chapter 14 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to the following: \$300,000 for laboratory equipment, computer equipment, software and building improvements for the Unified State Laboratory (The agency nonlapsed \$300,000).

Agency Response: "During fiscal year 2014, the Unified State Laboratory will use nonlapsing funds to cover the continual replacement of aging computers, aging instrumentation and equipment, and required upgrades to the laboratory's computer-based security and data communication infrastructure. This funding enables the laboratory to remain modern and efficient, and able to provide the testing capabilities needed by the citizens of Utah."

14. Nonlapsing Authority for Drug Prevention Programs (H.B. 3, Item 72):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$500,000 of Item 3 of Chapter 14 Laws of Utah 2012 for the alcohol, tobacco, and other drug prevention reduction, cessation, and control programs not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs. (The agency nonlapsed \$500,000).

Agency Response: “Nonlapsing funds will be used to support the continuation of tobacco use reduction, cessation, and control programs conducted statewide and to ensure the continued availability of quit-line services.”

15. Nonlapsing Authority for Computer Equipment in Health Care Financing (H.B. 3, Item 73):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Health Care Financing in Item 6 of Chapter 14, Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to \$50,000 for the purchase of computer equipment. (The agency nonlapsed \$50,000).

Agency Response: “The total non-lapsed funds from FY 2013 for computer equipment are currently in the process of being expended for said equipment in FY 2014.”

16. Nonlapsing Authority to Comply With Federally-mandated Projects (H.B. 3, Item 73):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Health Care Financing in Item 6 of Chapter 14, Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to \$425,000 for compliance with federally-mandated projects. (The agency nonlapsed \$425,000).

Agency Response: “The non-lapsed funds of \$425,000 are used as State match for federally-mandated projects. The developmental IT projects that are using the \$425,000 nonlapsing funds are: ICD-10, T-MSIS and 5010. The nonlapsing general fund is being used for federal match to cover expenses such as personnel, current expense and data processing current expense of the various projects.”

17. Nonlapsing Authority for Medicaid Management Information System Replacement (H.B. 3, Item 74):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Medicaid Management Information System Replacement in Item 7 of Chapter 14, Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to \$5,200,000 for the redesign and replacement of the Medicaid Management Information System. (The agency nonlapsed \$3,653,400).

Agency Response: “The Division plans on using the non-lapsing funds for project implementation. The non-lapsing general funds are currently being used to match expenses such as personnel, travel, current expense and data processing current expense. Payments to CNSI, the main vendor on the MMIS Implementation project, are according to contract and comply with the payment schedule for deliverables. The payments to CNSI are significant and use the non-lapsed general funds to match the federal participation dollars. The MMIS Implementation replacement is a multi-year project and will continue past SFY 2014.”

18. Nonlapsing Authority for Medicaid Sanctions (H.B. 3, Item 75):

The Legislature intends that funds collected as a result of sanctions imposed under Section 1919 of Title XIX of the federal Social Security Act and authorized in UCA 26-18-3 shall not

lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to the purposes outlined in Section 1919. (The agency nonlapsed \$982,900).

Agency Response: “The Denver Regional Office component of the Western Division of Survey & Certification (WDSC), as delegated by both CMS Central Office Leadership and the WDSC Associate Regional Administrator, has approved the Utah Department of Health, Bureau of Health Facility Licensing to utilize federal Civil Money Penalties (CMPs) to offset the cost of the new FBI fingerprinting requirements for Background Criminal Information (BCI) checks. BCI checks are now required for all staff and volunteers that have access to patients in nursing homes. Previously only, staff with direct patient care duties were required to have a BCI check. It is intended to use \$350,000 of CMPs during State Fiscal Year 2014 to subsidize \$15 of the \$51 licensing fee for each renewal application for nursing facilities. The subsidization would only apply to renewal applications that require new FBI fingerprint information. This would not apply to new hires the facilities submit. It is estimated that there will be approximately 23,300 renewal applications during the state fiscal year.”

19. Nonlapsing Authority for Children’s Health Insurance Program Caseload Increases (H.B. 3, Item 76):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for the Children’s Health Insurance Program in Item 88 of Chapter 416 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to caseload and utilization increases. (The agency nonlapsed \$1,403,300).

Agency Response: “A portion of the fiscal year 2013 CHIP non-lapsing funds of \$1,403,300 are proposed to be included as part of a negative FY 2014 supplemental to reimburse the General Fund. This decision was based on a consensus forecast developed by the Department of Health, the Office of the Legislative Fiscal Analyst, and Governor’s Office of Management and Budget.”

20. Nonlapsing Authority for Medicaid Mandatory Services (H.B. 3, Item 77):

Under Section 63J-1-603 of the Utah Code the Legislature intends that all appropriations provided for Medicaid Mandatory Services in Item 10 of Chapter 14, Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to the provision of Medicaid services. (The agency nonlapsed \$23,949,600).

Agency Response: “The fiscal year 2013 Medicaid Mandatory non-lapsing funds of \$23,949,600 are proposed to be included as part of a negative FY 2014 supplemental to reimburse the General Fund. This decision was based on a consensus forecast developed by the Department of Health, the Office of the Legislative Fiscal Analyst, and Governor’s Office of Management and Budget.”

21. Nonlapsing Authority for Medicaid Optional Services (H.B. 3, Item 78):

Under Section 63J-1-603 of the Utah Code the Legislature intends that all appropriations provided for Medicaid Optional Services in Item 11 of Chapter 14, Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to the provision of Medicaid services. (The agency nonlapsed \$9,995,200).

Agency Response: “The fiscal year 2013 Medicaid Optional non-lapsing funds of \$9,995,200 are proposed to be included as part of a negative FY 2014 supplemental to reimburse the General Fund. This decision was based on a consensus forecast developed by the Department of Health, the Office of the Legislative Fiscal Analyst, and Governor’s Office of Management and Budget.”

22. Nonlapsing Authority for Autism Services (HB 272 from the 2012 General Session):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$4,500,000 of appropriations provided for the Department of Health - Medicaid Optional Services line item not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to the autism waiver program to provide services and treatment for children with autism spectrum disorder between the age of two to six years. (The agency nonlapsed \$4,058,100).

Agency Response: “The Department plans to use non-lapsed funds to continue to provide services for the treatment of children with autism spectrum disorder. The original \$4.5 million general fund appropriation was enough to fund an average caseload of 250 children. We currently exceed that average because of lighter enrollment during the ramp up time of implementing the waiver and will be higher than 250 until the end of the FY 2014.”

23. Align Supplemental Nutrition Assistance Program Regulations and Medicaid Regulations (H.B. 3, Item 73 & S.B. 2, Item 77):

The Legislature intends that to the extent possible with existing appropriations, the Department of Health shall align Supplemental Nutrition Assistance Program regulations and Medicaid regulations.

Agency Response: “While different federal agencies (The Department of Health & Human Services and The Department of Agriculture) control the individual requirements for SNAP and Medicaid, the Department has continued to work this year with the Department of Workforce Services to align policies and make simplifications whenever possible. As with all new policy, we try to coordinate the changes with other social service programs. Some examples this year include: creating and submitting a new combined application for all programs to the Secretary of Health & Human Services, coordinating review policy time frames under the new health reform requirements, and making concessions or seeking options that most closely align eligibility policy whenever possible to do so. When regulations did not align, we still tried to operationalize the new rules in such a way to reduce the impact to the eligibility workers and system.”

24. Credit Monitoring Paid by the Department of Technology Services (H.B. 3, Item 70):

The Legislature intends that the Department of Technology Services shall use its contributed capital to pay for the costs of providing the Department of Health's request for "Credit Monitoring" in the amount of \$922,000 one-time without increasing internal service fund rates.

Agency Response: “The Department did expend \$809,300 in FY 2013 to extend credit monitoring services for 56,300 enrolled participants for one additional year. Breach victims who had not signed up in year 1 were allowed to sign up for year 2. The unexpended balance of \$112,700 lapsed back to the General Fund.”

25. Provide Report on Medicaid Optional Expansion (H.B. 3, Item 73):

The Legislature intends that the Department of Health provide its contractor's report on the costs and benefits of Medicaid optional expansion to the Office of the Legislative Fiscal Analyst as soon as it is ready. The Fiscal Analyst shall then distribute the report to all members of the Social Services Appropriations Subcommittee.

Agency Response: “The Department distributed its contractor’s report, completed by Public Consulting Group, on the cost and benefits of Medicaid optional expansion in May 2013.”

26. Quarterly Status Reports on Replacement of Medicaid Management Information System (S.B. 2, Item 78):

The Legislature intends that the Department of Health report quarterly to the Office of the Legislative Fiscal Analyst on the status of replacing the Medicaid Management Information System replacement beginning September 30, 2013. The reports should include, where applicable, the responses to any requests for proposals.

Agency Response: “The quarterly MMIS status reports are found at the following site: <http://health.utah.gov/medicaid/stplan/legisrept.htm>.” The most recent quarterly report is Appendix A.

27. Performance Measures for New State Funding (H.B. 3, Item 69 & S.B. 2, Item 72):

The Legislature intends that the Department of Health prepare proposed performance measures for all new state funding for building blocks and give this information to the Office of the Legislative Fiscal Analyst by June 30, 2013. The Department of Health shall provide its first report on its performance measures to the Office of the Legislative Fiscal Analyst by October 31, 2013. The Office of the Legislative Fiscal Analyst shall give this information to the legislative staff of the Health and Human Services Interim Committee.

Agency Response: “The Department did comply with this intent language by submitting performance measures to the Legislative Fiscal Analyst on the required dates for all funding increases appropriated during the 2013 Session.”

Nonlapsing Balances

Under the Budgetary Procedures Act ([UCA 63J-1-602](#)), no revenue collection, appropriation from a fund or account, or appropriation to a program may be treated as nonlapsing unless:

1. It is expressly referenced in [UCA 63J-1-602](#)
2. It is designated in a condition of appropriation in the appropriations bill, or
3. Nonlapsing authority is granted under [UCA 63J-1-603](#).

[UCA 63J-1-602](#) also states that “each legislative appropriations subcommittee shall review the accounts and funds that have been granted nonlapsing authority under this section of Section 63J-1-603.”

The table below details the \$15,200 in nonlapsing balances at the end of FY 2013 for the Department of Health that came from statute (UCA 26-46-102 (4)(b)).

The Office of the Legislative Fiscal Analyst presented a statewide report entitled, “FY13 Preliminary Lapsing and Nonlapsing Balances Report,” to the Executive Appropriations Committee in September of 2013. The report is available at <http://le.utah.gov/interim/2013/pdf/00003270.pdf>.

Workforce Financial Assistance					
Workforce Loan Program	UCA 26-46-102 (4)(b)		15,200	Statute provides for professional educational loan repayment and scholarship assistance to health care professionals who locate or continue to practice in medically underserved areas of Utah.	Funds are obligated but dispersed across state fiscal years. Contracts may range from 2 to 4 years in length for contractual service obligations for health care professionals providing primary health care services to Utah's medically underserved populations.

Intent Language from the 2012 General Session

The following 23 items of intent language were passed in the 2012 General Session. These items could not be fully reviewed until the close of FY 2013. Most of these items were partially reviewed in an Issue Brief from the 2013 General Session entitled “Intent Language and Nonlapsing Balances Follow-up” (<http://le.utah.gov/interim/2013/pdf/00000944.pdf>).

There are 23 intent language statements reviewed below. These 23 statements can be grouped into the following three categories:

1. Providing nonlapsing authority of \$17.0 million in FY 2013 from FY 2012 funds (17 intent language statements). The table below details the \$12.5 million of specific nonlapsing authority provided as well as the five areas with unlimited nonlapsing authority. The Department of Health has \$12,108,400 in nonlapsing from these intent language statements with specific maximums.
2. Providing specific direction (5 intent language statements)
3. Requiring a report (1 intent language statement)

Nonlapsing Authority via Intent Language		
Purpose	Authorized Total	Actual Nonlapsing
Medicaid Management Information System Replacement	\$ 5,300,000	\$ 5,261,000
Autism Services (HB 272)	\$ 4,500,000	\$ 4,500,000
Federally-mandated Projects	\$ 679,000	\$ 643,500
Drug Prevention Programs	\$ 500,000	\$ 500,000
Primary Care Grants Program	\$ 400,000	\$ 166,000
Laboratory Equipment	\$ 250,000	\$ 250,000
Emergency Medical Services - Fees	\$ 250,000	\$ 239,100
Facility Plan Review Activities	\$ 210,000	\$ 210,000
Equipment and Improvements	\$ 175,000	\$ 175,000
Computer Equipment	\$ 90,000	\$ 90,000
Computer Equipment	\$ 50,000	\$ 50,000
Bleeding Disorders Program	\$ 50,000	\$ 23,800
Children's Health Insurance Program	all	\$ 2,866,100
Medicaid Sanctions	all	\$ 1,082,900
Emergency Medical Services - Fines	all	\$ 731,600
Civil Money Penalties	all	\$ 89,100
Provider Trainings (Child Care)	all	\$ 85,600
Total	\$ 12,454,000	\$16,963,700

1. Nonlapsing Authority for Computer Equipment in the Executive Director's Office (S.B. 3, Item 78):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Executive Director's Office in Item 1 of Chapter 4 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to \$90,000 for computer equipment, software, and employee training. (The agency nonlapsed \$90,000).

Agency Response: "The division did expend the entire \$90,000 and more on Data Processing equipment and Software upgrades in FY13."

2. Nonlapsing Authority for Testing Supplies and Processes for Emergency Medical Services (S.B. 3, Item 79):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$250,000 of Item 2 of Chapter 4, Laws of Utah 2011 for Emergency Medical Services not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to testing, certifications, background screenings, replacement testing equipment, and testing supplies. (The agency nonlapsed \$239,100).

Agency Response: “The nonlapsing funds have been used for practical and written testing for EMS certification. Training requirements include classroom hours, certain hours of clinical experience, and a competency exam. Quality assurance reviews have also been conducted by staff for courses, recertification practical testing and licensing.”

3. Nonlapsing Authority for Criminal Fine and Forfeiture Money for Emergency Medical Services (S.B. 3, Item 79):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that criminal fines and forfeiture money collected for Emergency Medical Services in Item 2 of Chapter 4, Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to purposes outlined in Section 26-8a-207(2). (The agency nonlapsed \$731,600).

Agency Response: “The nonlapsing funds have been used in accordance with statute, which includes EMS grants and administrative costs. These funds have been distributed to all local EMS agencies and training centers to be used for the purchase of equipment, supplies, and EMS training to help deliver emergency medical services to the citizens of the state.”

4. Nonlapsing Authority for Civil Penalty Money from Childcare and Health Care Provider Violations (S.B. 3, Item 79):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that civil money penalties collected for Item 2 of Chapter 4, Laws of Utah 2011 from childcare and health care provider violations not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to trainings for providers. (The agency nonlapsed \$89,100).

Agency Response: “Nonlapsing Childcare funds were used to deliver ongoing training throughout the state to assist providers in complying with the rules. Non lapsing funds are used for trainer salaries and for in-state travel costs and training materials. Funds collected in one year are used to pay for training in the next year. The Centers for Medicare/Medicaid Services (CMS) must authorize expenditures in this area for residents of nursing facilities. Some projects may be proposed by the Utah Health Care Association in the coming year to utilize these funds for the residents of nursing care facilities. Some of these funds have been used for a CMS grant for background screening in the coming year.”

5. Nonlapsing Authority for Bureau of Health Facility Licensure, Certification and Resident Assessment for Plan Reviews (S.B. 3, Item 79):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$210,000 of Item 2 of Chapter 4, Laws of Utah 2011 from fees collected for the purpose of plan reviews by the Bureau of Health Facility Licensure, Certification and Resident Assessment not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to plan review activities. (The agency nonlapsed \$210,000).

Agency Response: “The nonlapsing funds for Health Facility Licensing/Certification were used for evaluating health care facility new construction and remodel projects to endure compliance with appropriate building and fire codes in accordance with stat health facility construction rules. The funds were used for salaries for architects and inspection staff to complete construction this year.

An additional .50 FTE architect was added. In addition the software for facilities to submit plans to Health Facility Licensing is being upgraded to make the process easier for facilities.”

6. Nonlapsing Authority for People with Bleeding Disorders (S.B. 3, Item 79):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$50,000 of Item 2 of Chapter 4, Laws of Utah 2011 of unused funds appropriated for the Assistance for People with Bleeding Disorders Program not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to services to eligible clients. (The agency nonlapsed \$23,800).

Agency Response: “During FY 13, the nonlapsing funds for Bleeding Disorders have been included in the contract with the Utah Hemophilia Foundation, that were distributed to additional eligible individuals for the cost of obtaining hemophilia services or the cost of insurance premium coverage of hemophilia services.”

7. Nonlapsing Authority for Primary Care Grants Program (S.B. 3, Item 79):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$400,000 of Item 2 of Chapter 4, Laws of Utah 2011 for Primary Care Grants Program not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to primary care grants. (The agency nonlapsed \$166,000).

Agency Response: “The nonlapsing funds for Primary care have been incorporated and distributed to grants for the FY13.”

8. Nonlapsing Authority for Equipment and Improvements for the Medical Examiner (S.B. 3, Item 80):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Disease Control and Prevention in Item 77 of Chapter 379 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to the following: \$175,000 for replacement computer equipment, software, laboratory equipment, and for facility improvements/expansion for the Office of the Medical Examiner. (The agency nonlapsed \$175,000).

Agency Response: “The nonlapsing funds have been used to replace obsolete computer equipment, upgrade the autopsy and specimen handling facilities, and equipment. Upgrading and replacement is necessary to maintain the required national medical examiner standards and proper documentation while handling an increasing workload of cases.”

9. Nonlapsing Authority for Laboratory Equipment (S.B. 3, Item 80):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Disease Control and Prevention in Item 3 of Chapter 4 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to the following: \$250,000 for laboratory equipment, computer equipment, software and building improvements for the Unified State Laboratory. (The agency nonlapsed \$250,000).

Agency Response: “During fiscal year 2013, the Unified State Laboratory: Public Health has been using FY2012 nonlapsing funds to replace an ICP-MS System in the Environmental Chemistry section. The laboratory was able to share the total cost, \$275,000, with a federal grant, thus spending only \$134,000 of these state funds. The remainder of these nonlapsing funds was used to cover the continual replacement of aging computers, aging instrumentation and equipment, and upgrades to the laboratory’s computer-based security and data communication infrastructure, thereby enabling the laboratory to remain modern and efficient, and able to provide the testing capabilities needed by the citizens of Utah.”

10. Nonlapsing Authority for Drug Prevention Programs (S.B. 3, Item 80):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$500,000 of Item 3 of Chapter 4 and Item 77 of Chapter 379, Laws of Utah 2011 for the alcohol, tobacco, and other drug prevention reduction, cessation, and control programs not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs. (The agency nonlapsed \$500,000).

Agency Response: "Nonlapsing funds were used to support the continuation of tobacco use reduction, cessation, and control programs conducted statewide and to ensure the continued availability of quit-line services."

11. Nonlapsing Authority for Computer Equipment in Health Care Financing (S.B. 3, Item 81):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Health Care Financing in Item 5 of Chapter 4 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to \$50,000 for the purchase of computer equipment. (The agency nonlapsed \$50,000).

Agency Response: "The \$50,000 of non-lapsing funds from FY 2012 were expended for computer related equipment in FY2013."

12. Nonlapsing Authority to Comply With Federally-mandated Projects (S.B. 3, Item 81):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$679,000 for Health Care Financing not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to compliance with federally-mandated projects. (The agency nonlapsed \$643,500).

Agency Response: "The nonlapsed funds of \$643,500 were used as State match for the federally-mandated projects. The developmental IT projects that used the \$643,500 nonlapsing funds are: ICD-10, 5010, Point of Sale, and the HIT project. The nonlapsing General Fund was used for federal match to cover expenses such as personnel, current expense and data processing current expense of the various projects."

13. Nonlapsing Authority for Medicaid Management Information System Replacement (S.B. 3, Item 82):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Medicaid Management Information System Replacement in Item 79 of Chapter 379 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to \$5,300,000 for the redesign and replacement of the Medicaid Management Information System. (The agency nonlapsed \$5,261,000).

Agency Response: "The Division used the nonlapsing funds for project implementation. The nonlapsing general fund was used to match expenses such as personnel, travel, current expense and data processing current expense. Payments to CNSI, the main vendor on the MMIS Implementation project, are according to contract and comply with the payment schedule for deliverables. The payments to CNSI are significant and use the non-lapsed General Fund to match the federal participation dollars. The MMIS Implementation replacement is a multi-year project and will continue past SFY 2014."

14. Nonlapsing Authority for Medicaid Sanctions (S.B. 3, Item 83):

The Legislature intends that funds collected as a result of sanctions imposed under Section 1919 of Title XIX of the federal Social Security Act and authorized in UCA 26-18-3 shall not

lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to the purposes outlined in Section 1919. (The agency nonlapsed \$1,082,900).

Agency Response: “The Denver Regional Office component of the Western Division of Survey & Certification (WDSC), as delegated by both CMS Central Office Leadership and the WDSC Associate Regional Administrator, has approved the Utah Department of Health, Bureau of Health Facility Licensing to utilize federal Civil Money Penalties (CMPs) to offset the cost of the new FBI fingerprinting requirements for Background Criminal Information (BCI) checks. BCI checks are now required for all staff and volunteers that have access to patients in nursing homes. Previously only staff with direct patient care duties were required to have a BCI check. It is intended to use \$350,000 of CMPs during State Fiscal Year 2013 to subsidize \$15 of the \$51 licensing fee for each renewal application for nursing facilities. The subsidization would only apply to renewal applications that require new FBI fingerprint information. This would not apply to new hires the facilities submit. It is estimated that there will be approximately 23,300 renewal applications during the state fiscal year.”

15. Nonlapsing Authority for Children’s Health Insurance Program Caseload Increases (S.B. 3, Item 84):

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for the Children’s Health Insurance Program in Item 82 of Chapter 379 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to caseload and utilization increases. (The agency nonlapsed \$2,866,100).

Agency Response: “The fiscal year 2012 CHIP nonlapsing funds of \$2,866,100 were included as part of a negative FY 2013 supplemental to reimburse the General Fund. This decision was based on a consensus forecast developed by the Department of Health, the Office of the Legislative Fiscal Analyst, and Governor’s Office of Management and Budget.”

16. Nonlapsing Authority for Autism Services (HB 272):

Under Section 63J-1-603 of the Utah Code, the Legislature intends that up to \$4,500,000 of appropriations provided for the Department of Health - Medicaid Optional Services line item not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to the autism waiver program to provide services and treatment for children with autism spectrum disorder between the age of two to six years. (Same intent language passed for both FY 2012 & FY 2013. The agency nonlapsed \$4,500,000).

Agency Response: “The Department has established the autism waiver program and began in FY 2013 to expend the nonlapsed funds from FY 2012 on activities related to the program.”

17. Nonlapsing Authority for Rural County Health Care Special Service District Retirement Grant Program (HB 512):

The Legislature intends that, under Section 63J-1-603 of the Utah Code, appropriations under this section not lapse at the close of fiscal year 2013.

Agency Response: “The \$900,000 has been given to the Kane County Hospital on 9/11/12. Therefore no nonlapsing authority is needed.”

18. Redirect Funds Previously Going to the Utah Developmental Disability Council (H.B. 2, Item 83):

The Legislature intends the Department of Health, the Utah State Office of Rehabilitation and the Utah State Office of Education (Special Education) use funds previously transferred to support the UDDC information and referral phone/website to instead provide direct client services to individuals with disabilities. The Legislature further intends the Utah Developmental

Disability Council (UDDC), as a federally-established and federally-governed agency, use its federal funds to support its information and referral phone/website.

Agency Response: “The Baby Watch Early Intervention Program (BWEIP) has a federal legislative requirement (C.F.R. 303.117) to support a central directory accessible to the general public that includes accurate, up-to-date information about public and private early intervention services, training, and resources. The BWEIP uses \$8,000 of its federal funds for this purpose.”

19. Redirect Funds Previously Going to the Utah Developmental Disability Council to Free Referral Service (H.B. 2, Item 83):

The Legislature intends the Department of Health, the Utah State Office of Rehabilitation and the Utah State Office of Education (Special Education) use funds previously transferred to support the Access Utah program to instead contract with a private human services directory database entity to provide a free information and referral service statewide for individuals with disabilities.

Agency Response: “The Baby Watch Early Intervention Program (BWEIP) has redirected funds previously going to the ACCESS Utah program under the Utah Developmental Disability Council to the United Way/211 resource and referral program called Help me Grow.”

20. Pursue CHIPRA Performance Bonuses (H.B. 2, Item 89 & S.B. 3, Item 85):

The Legislature intends that the Department of Health, in conjunction with the Department of Workforce Services and the Department of Human Services, use part of their appropriations to pursue obtaining CHIPRA Performance Bonuses if the Department of Health determines that it would be in the best financial interest of the state. (Same intent language passed for both FY 2012 & FY 2013).

Agency Response: “The Department of Health worked with the Department of Workforce Services and the Department of Human Services to implement the new eligibility processes and simplification required for the CHIPRA bonus. The Department met all the criteria to qualify and received a CHIPRA bonus of \$10,161,400 in FY2013.”

21. Cover Emergency Adult Services in Medicaid (H.B. 2, Item 90):

The Legislature intends that the Department of Health fund the cost of covering emergency dental services for adults on Medicaid within existing appropriations up to \$250,000 General Fund for FY 2013 as an offset for current emergency room expenditures. If existing appropriations prove to be insufficient, the Legislature intends that the Department of Health request funding in future years to cover the costs of providing these services. The Department shall report to the Office of the Legislative Fiscal Analyst by January 1, 2013 on the net cost of providing these services. The report shall include recommendations if the services should be continued.

Agency Response: “A letter from Michael Hales dated June 29, 2012 addressed to the members of the Social Services Appropriation Subcommittee addressed H.B. 2 Item 90.”

22. Use of \$3,000,000 Appropriation Limited to Autism Services (HB 272):

The Legislature intends that the Department of Health use the appropriations of \$3,000,000 to provide services and treatment for children with autism spectrum disorder between the age of two to six years within Medicaid.

Agency Response: “The \$3,000,000 appropriation from FY 2012 is included in the \$4,500,000 nonlapse amount used to implement the autism waiver program in FY 2013.”

23. Quarterly Status Reports on Replacement of Medicaid Management Information System (H.B. 2, Item 87):

The Legislature intends that the Department of Health report quarterly to the Office of the Legislative Fiscal Analyst on the status of replacing the Medicaid Management Information System replacement beginning September 30, 2012. The reports should include, where applicable, the responses to any requests for proposals.

Agency Response: “Quarterly reports on the status of the MMIS Implementation project are being completed and submitted as required.” The most recent quarterly report is Appendix A.

APPENDIX A - REPORT ON REPLACEMENT OF MEDICAID MANAGEMENT INFORMATION SYSTEM



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Utah Department of Health

W. David Patton, Ph.D.
Executive Director

Division of Medicaid and Health Financing

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

December 20, 2013

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

Dear Mr. Ball:

Legislative intent language from the 2013 Legislative General Session 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 December 31, 2013.

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 fourth calendar quarter of 2013 was \$700,633. The total amount avoided since the implementation of the system is \$8,074,849.

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 implemented as part of this project. The Portal allows a registered provider to submit prescriptions and prior authorization requests, verify eligibility and view preferred drug list information. During February 2013, CMS completed the on-site certification review of the system. There were no initial findings at the conclusion of the on-site certification review. The Department received the CMS certification report on April 4, 2013.

Data Warehouse Upgrade

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



Core MMIS replacement

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 on the closing date of the RFP—May 2, 2012.

In August 2012, the Department named CNSI as the successful bidder because it received more technical points and was priced lower than the other bidder, Xerox. There was no protest of the award. In October 2012, the Department began active contract negotiations with CNSI and the State procured suitable facilities for the project work.

In August 2012, the State received a total of six responses to the Independent Verification and Validation (IV&V) RFP. The Department reviewed these responses, held oral presentations and completed the evaluation process in October 2012. The State awarded the IV&V contract to Cognosante. The contract negotiations were finalized December 20, 2012 and sent to CMS for final review.

In October 2012, the program governance, communications and risk / issues / work plan management structures were ratified and put in place. Internal weekly program meetings were started and three coordinating committees were created. They are the Sub-Cabinet Committee, a Program Committee to work through technical issues and a Multi-Agency Project Committee.

On January 2, 2013, State staff moved into the project facilities. On January 16, 2013, the State received CMS authorization to proceed on the IV&V contract with Cognosante. Once authorization was received the State moved forward with the contract signature process and the IV&V contract was completed January 30, 2013.

In February 2013, CNSI and Cognosante were both onsite to begin working through the project governance model, issue and risk management, change management, and other management plans that the project would be implementing once the vendors came on board. The CNSI contract negotiations were finalized and sent to CMS for final review on February 12, 2013. The updated IAPD was also sent to CMS in February.

On March 6, 2013, both the CNSI contract and IAPD were approved by CMS. The Project Kick-off was held on March 18, 2013 and the project orientation was completed March 29, 2013. During the project orientation, CNSI conducted job shadowing, eCAMS demos, and question answer sessions.

Early in April 2013, CNSI brought up the eCAMS demonstration system. CNSI and State staff conducted training and demonstration sessions surrounding the requirement validation process. On April 8, 2013 requirement validation sessions started with CNSI and State Staff. On April 25, 2013, the CNSI contract was signed by the State and contractor with an effective date of March 18, 2013.

In May 2013, project management activities were implemented using SharePoint. Requirement validation sessions continued throughout the month. State staff and Cognosante worked on the review and approval of projects deliverable. The State reviewed and submitted comments on eight CNSI deliverables. Two of the CNSI deliverables were approved during May.

In June 2013, the State reviewed and submitted comments on three additional CNSI deliverables. Five CNSI deliverables were approved during June. Three deliverables are still working through the review process and are expected to be approved during July. Planning for

the design phase of the project started and a mock design session was held. The scheduled requirement validation sessions were completed June 28, 2013.

October 2013

Eight CNSI deliverables were approved during October. The design sessions continued to be held through the month. The CNSI Project Director left CNSI on October 31st. The network configuration between the State and CNSI facilities in Maryland is nearing completion. The decision was made to utilize CNSI's Audit Studio as the Fraud and Abuse Detection System.

November 2013

Two of the four pending CNSI deliverables were approved during November. CNSI hired a new Project Director and he started on November 18th. The design sessions continued through November. The first delivery of hardware was received and installed in the State Data Center. Data conversion and mapping activities continued to progress.

December 2013

CMS conducted an onsite review during the first week of December. During the visit, CMS reviewed the project management processes and status of the project. CMS gave the State a positive review of the project status and management processes during the visit. The first Stakeholder Interface Meeting was held with the agencies and groups that will interface with the new MMIS. The MMIS Sub-Cabinet Meeting was held on December 17th.

Appropriations, Project Cost and Expenditures

The Utah State Legislature appropriated \$3 million in general fund to the MMIS project in the 2010 General Session (FY '11) and another \$3 million in general fund in the 2011 General Session (FY '12). No new appropriations were made to the project in the 2012 General Session or the 2013 General Session. After state fiscal year 2012, the MMIS replacement project had a balance of \$5,261,048 general fund that was carried into fiscal year 2013. The Department expects \$15.5 million in general fund will be required to complete the project (\$9.5 million beyond the current level of appropriation). Most of the project's expenditures can be matched at a 90/10 federal-to-state matching rate. However, computer hardware and software expenditures are matched at a 75/25 federal-to-state matching rate. The Department presented the project status and funding needs to the Executive Appropriations Committee on June 18, 2013.

Based upon the project schedule and the system developer's contract, the Department expects to exhaust the remaining project funds in April of 2014. To help the Department meet project cash flow demands, the 2013 Legislature collapsed the MMIS Line Item into the Medicaid Mandatory Services Line Item.

The Governor's budget proposal, released in December, recommended a \$1 million general fund appropriation for the MMIS replacement project in state fiscal year 2014 as a supplemental with carry forward authority. Given current project cash flow projections, this supplemental appropriation would keep the project current on financial obligations through FY '14 and until August 2014 in FY '15.

Specific Accomplishments of the MMIS 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, Development, and Implementation (DDI) completed
- Draft RFP for core system development written
- FADS I-APD submitted to CMS and approved
- 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 and posted on BidSync
- Point of Sale responses evaluated and contract awarded to Goold Health Systems (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
- DDI RFP Approved and posted on BidSync
- IV&V RFP submitted to CMS for review and approval
- DDI RFP responses evaluated
- IV&V RFP approved and posted on BidSync
- DDI contract awarded without protest
- IV&V contract awarded without protest
- Cognosante (IV&V) contract submitted to CMS
- Cognosante contract approved by CMS and signed by the State and the contractor
- CNSI contract approved by CMS
- Updated IAPD approved by CMS
- Requirement validation sessions started
- CNSI contract signed by the State and the contractor
- Project management activities implemented using SharePoint
- Planning for the design phase of the project started
- Scheduled requirement validation sessions completed
- Baseline Work Plan was submitted and approved
- CNSI was able to reach an agreement with IBM to provide organizational change management services
- The first hardware was received and installed in the State Data Center
- CMS gave the State a positive review of the project status and management processes during the December onsite visit
- The first Stakeholder Interface Meeting was held

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