State of Utah

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Utah Department of Health

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June 28, 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 2012 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 June 30, 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 first calendar quarter of 2013 was $879,682. The total amount avoided since the implementation of the system is $6,827,392.

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.

UTAH DEPARTMENT OF HEALTH

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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.

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.

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
- I-APD approved
- 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

- Project work space secured
- 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
- CMS certifies the Point of Sale system
- Project management activities implemented using SharePoint
- Completed requirement validation sessions
- Began planning for the design phase of the project

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

Sincerely,

Michael Hales
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Director, Division of Medicaid and Health Financing