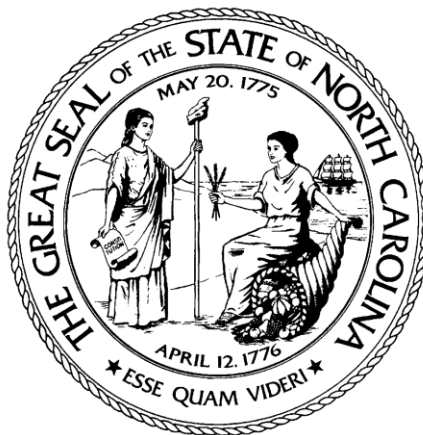


NC MEDICAID MANAGEMENT INFORMATION SYSTEM+ (NCMMIS+) PROGRAM

Quarterly Report to the North Carolina General Assembly November 2010 – January 2011



**State of North Carolina
Department of Health and Human Services**

April 1, 2011



**DEPARTMENT OF HEALTH AND HUMAN SERVICES
NCMMIS+ Program Quarterly Report**

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INTRODUCTION

In June 2008, the NC General Assembly passed Session Law 2008-107, House Bill 2436, of which Sections 10.9.(c), (d) and (e) required quarterly reporting in regard to the Replacement Medicaid Management Information System (MMIS). In accordance with this law, the North Carolina Department of Health and Human Services (NC DHHS) began submitting quarterly reports on March 1, 2009. Session Law 2009-451, Section 10.41 continued the quarterly reporting requirements beginning July 1, 2009.

Appendix D–NCGA 2010 Session Legislative Mandates provides a reference to all of the legislative mandates from the 2010 Session of the North Carolina General Assembly that potentially affect the NCMMIS+ Program and a brief description of the potential impact.

This report covers the period of November 1, 2010 through January 31, 2011.

BACKGROUND

For background information on the MMIS Replacement Project, please see *Appendix E–Background*.

STATUS

Replacement MMIS PROJECT

System Implementation Date Status

As noted in last quarter's report, Computer Sciences Corporation (CSC) initiated a formal request to the NC Department of Health and Human Services (DHHS) on September 16, 2010 to delay implementation of the Replacement MMIS multi-payer claims processing implementation from the original planned August 22, 2011, to October 1, 2012. Key OMMISS staff continues in negotiations with CSC to reach consensus on an achievable extended Replacement MMIS Project implementation date. The final decision may support CSC's proposed date of October 1, 2012, or result in an alternative later date that maximizes opportunities for including mandated change orders and affords an extended testing period prior to implementation. Because of these additional considerations, discussions are now expected to continue through March 2011, with the revised schedule approvals anticipated by late April.

Design, Development and Implementation – Execution and Build Phase

OMMISS has approved the design documentation submitted. The Replacement MMIS brings together claim processing, call center and additional Fiscal Agent functions for multiple divisions within NC DHHS under a single umbrella. The Division of Medical Assistance (DMA), the Division of Mental Health and Substance Abuse (DMH), the Division of Public Health (DPH) and the Office of Rural Health and Community Care (ORHCC) will have claims processing under a variety of current legacy systems combined into a single rules-engine driven claim adjudication environment. The Replacement MMIS' flexibility is



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inherent in the core design to accommodate a simplified approach for making changes to existing benefit plans as well as adding new benefit plans in the future.

The CSC Technical Design Documents for all Builds have been approved by the State. (See Appendix C – Replacement MMIS Builds.) Initial CSC and State testing have been completed for the following areas:

- Recipient
- Non-electronic Claims Processing
- Eligibility Verification/Transaction Services (EVS)

Initial testing is in progress for the following build:

- Health Check (EPSDT)

Testing is scheduled to begin during the next quarter for the following builds:

- Provider
- Call Center
- Prior Authorization
- Pharmacy Claims

Reporting & Analytics (R&A) Project

Thomson Reuters (TR) is continuing its analysis of the affect of the proposed Replacement MMIS schedule revisions on the R&A Project. TR submitted a draft version of an Integrated Master Schedule (IMS) on January 18, 2011, for the State's review. This draft IMS reflected a go-live date of October 1, 2012, which corresponds with the date proposed by CSC for the Replacement MMIS project.

The State has reviewed and accepted the Project Management Plan deliverable from TR. Additionally, TR submitted a draft CSR for OMMISS management review to address the additional Replacement MMIS tables proposed for R&A. Revisions have also been made to the R&A Project's Technical Architecture Design Document (TASD) based on comments received from the DHHS Division of Information Resource Management (DIRM) and the NC Information Technology Services (ITS).

TR conducted a joint lessons-learned session with OMMISS, DHHS Divisions, ITS and the Independent Verification and Validation (IV&V) to brainstorm and document lessons learned thus far. Additionally, an R&A Project Test Management Plan has been submitted for State review and comment.

During a series of follow-up sessions to continue gathering and verifying R&A business reporting requirements, additional needs were identified by the Divisions that were not included in the R&A Request for Proposal (RFP). The outcome was an additional 79 reports, 116 queries and 47 extracts for DMA and DPH.

Several preplanning meetings were held with representatives from the State Employees Health Plan (SHP), OMMISS and TR in preparation for a SHP Kick-off meeting. The participants discussed contracts and agreements needed between TR and the other vendors. TR reviewed high-level critical tasks and proposed timelines for the SHP effort. OMMISS drafted a Memorandum of Understanding (MOU) and forwarded to SHP for its



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review and feedback. TR will develop and distribute an overview document for all parties to review and coordinate follow-up planning meetings with SHP and OMMISS.

DHSR Business Process Automation System (BPAS) Project

The DHSR BPAS Project's Discovery Phase began after contract award at the end of October 2010. GL Solutions was on site in December to kick off meetings with each of the DHSR Business Areas as well as representatives from DIRM, ITS, and OMMISS Architecture Team. These meetings provided a common basis of understanding regarding the business, and clarification to complex issues that are unique to DHSR business operations.

The State has received five deliverables from GL Solutions in January, i.e., the Implementation Plan, the Change Management Plan, the Data Conversion and Migration Plan, the Risk Assessment and the Integrated Master Schedule. The State is currently reviewing the deliverable documents and providing feedback for revisions as necessary. The Change Management Plan will incorporate parts of the existing CSC Change Management process to integrate with the NCMMIS+ Program.

The revised Integrated Master Schedule (IMS) has been received but has not yet completed review and approval. Following the IMS' approval, key milestones will be reflected in the next quarterly report.

A contract amendment was executed to accommodate the review periods for the Discovery Phase deliverables identified in the contract. This amendment extended the Discovery Phase by one month, through the end of February 2011, and provided for the overlap of the Development Phase which started in January.

During January, GL Solutions was on-site to conduct Development Planning Meetings with the DHSR Medical Facilities Planning Business Area. In parallel, the DHSR BPAS Project team, GL Solutions, DIRM, the OMMISS Technical Team and ITS have been collaborating on the ITS Hosting configuration in preparation for equipment ordering and installation activities. Additionally, work continues on the analysis of the data stored in existing legacy systems that will be converted and migrated to the BPAS solution.

RECENT UPDATES

At the time of the publication of this report DHHS was in negotiations with the Replacement MMIS vendor, CSC, and the R&A vendor, Thomson Reuters. Both of these major projects will experience significant contract amount adjustments and schedule changes. Several major changes will be incorporated into the Replacement MMIS system, including the federally mandated HIPAA code set 5010 and procedure code ICD-10. These federally mandated requirements are prerequisites to move the healthcare industry toward Electronic Health Records (EHR).

These major changes render the current schedules irrelevant. For this reason, the schedules have been removed from this report. Once the vendor negotiations are



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completed, DHHS will issue a special update to this report. The special update report will include new schedules and revised budgets and is expected to be delivered in April 2011.

CHANGE REQUESTS

The Replacement MMIS has developed a Change Management Plan (CMP) to ensure changes in the size, scope; complexity and length of the Project are appropriately planned and managed, and documents the multiple levels of reviews and approvals that are required before a change is enacted. The final review within DHHS is the multi-divisional Change Control Body (CCB). If the change has an associated cost, the Statewide IT Procurement Chief also approves the change. During the procurement process, Offerors were required to propose the anticipated cost for changes during the DDI phase. CSC proposed \$22 million which was approved by CMS and subsequently budgeted by the Agency. The following table summarizes change requests approved for the MMIS Replacement project during this reporting period.

| | Prior to November 2010 | Nov. 2010 - January 2011 | Total |
|-------------------------|------------------------------|-----------------------------|-------------|
| No Cost CSRs | 137 | 6 | 143 |
| Cost CSRs | 74 | 10 | 84 |
| Number of Approved CSRs | 211 | 16 | 227 |
| Cost of Approved CSRs | \$6,462,919 | \$107,262 | \$6,570,181 |

By volume, most of the Customer Service Requests (CSRs) to date have been business rule changes related to the early implementation of the provider Enrollment, Verification and Credentialing functionality.

A summary of the CSRs' costs approved to-date is:

| | |
|---|--------------|
| Preferred Drug List (3/15/10 – 8/31/16) | \$ 3,673,233 |
| HIT Planning | \$ 806,898 |
| HIPAA Code Set 5010, Design | \$ 639,105 |
| \$100 Provider Enrollment Fee | \$ 449,806 |
| HIT – Medicaid Incentive Payments | \$ 336,825 |
| All other CSRs | \$ 664,314 |

FINANCIAL UPDATE

The current estimated cost of the Replacement MMIS Design, Development and Installation (DDI) is \$114,704,822, of which \$13,717,683 is the necessary State matching funds. CMS funds most DDI activities at a 90/10 federal match. Some exceptions to the 90/10 match include funding for training, furniture, indirect costs (overhead), and travel for non-project specific purposes; these activities receive 50/50 federal match. It should also be noted that non-Medicaid functionality, such as Public Health and Mental Health are not funded by CMS. In consideration of these factors, the "effective" federal funding rate for the MMIS DDI effort is approximately 88%. The \$114,704,822 total Replacement MMIS DDI cost includes \$22,000,000 in optional change orders approved by CMS; should DHHS opt to spend any



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part of this \$22 million, contract amendments and approval by the Statewide IT Procurement Office are required.

The current estimated cost of the Reporting & Analytics Project's DDI is \$10,363,909, of which \$1,217,957 is the necessary State matching funds

Program expenditures for SFY 09-10 were \$33,508,217, which included \$5,910,197 in State matching funds. With a carry forward of \$3,775,615 from SFY 08-09, \$2,134,582 of new state funds were required in SFY 09-10.

The above figures represent a decrease of \$26,349,491 in total expenditures and \$8,630,571 in State appropriations from the original budget for SFY 09-10. Due to longer-than-expected procurement timelines for the R&A and DHSR projects, vendor costs have been removed from the SFY 09-10 budget. Additionally, billings for change requests on the Replacement MMIS project are slower than anticipated. As a result of these delays, \$8,630,571 of State appropriations has been moved from SFY 09-10 budget to SFY10-11. This movement of funds maintains the \$18,829,281 biennium amount included in Section 10.41.(a) of the Session Law 2009-451 Senate Bill 202.

The SFY 10-11 budget was based on an August 22, 2011 go-live date for the Replacement MMIS. As noted above, negotiations with CSC are underway to reach consensus on an achievable extended Replacement MMIS Project implementation date. Once a revised schedule is approved, the current fiscal year's budget will be revisited.

The financial details are provided in *Appendix A–Financial Update*.

SCHEDULE

At the time of the publication of this report DHHS was in negotiations with the Replacement MMIS vendor, CSC, and the R&A vendor, Thomson Reuters. Both of these major projects are expected to experience significant contract amount adjustments and schedule changes. Several major changes will be incorporated into the Replacement MMIS system, including the federally mandated HIPAA code set 5010 and procedure code ICD-10. These federally mandated requirements are prerequisites to move the healthcare industry toward Electronic Health Records (EHR).

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End of Report



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APPENDIX A – FINANCIAL UPDATE

Table 1 below represents total costs incurred since the inception of the NCMMIS+ Program in September 2006, through the month of January 2011. It also includes estimated costs through the implementation of the Replacement MMIS, plus one year of CMS certification activities ending on August 31, 2012. Post-implementation maintenance and operational costs are not included in these costs.

The Program's overall estimated costs are running 0.73% below the ITS-approved budget.

Table 1: Program Costs from September 2006 – January 2011 & Estimates through CMS Certification (August 2012)

| Project | Start Date | End Date | Expenditures to Date | ITS Approved Budget | Required State Funds | Current Estimated Costs | Variance |
|---------------------------------|------------|----------|----------------------|---------------------|----------------------|-------------------------|------------|
| MMIS DDI | 11/01/08 | 11/30/11 | 36,009,358 | 92,704,823 | 10,661,055 | 92,704,823 | 0 |
| ¹ MMIS DDI Changes | 01/05/09 | 08/23/11 | 1,518,367 | N/A | 2,695,000 | 22,000,000 | N/A |
| MMIS Early Operations | 04/20/09 | 08/23/11 | 8,174,087 | N/A | 5,181,955 | 10,363,909 | N/A |
| R&A | 11/01/08 | 08/31/11 | 1,669,062 | 10,590,927 | 1,217,957 | 10,406,045 | -184,882 |
| DHSR | 07/01/08 | 06/30/11 | 1,949,561 | 7,097,296 | 2,993,439 | 5,833,808 | -1,263,488 |
| Program-Level | 02/01/07 | 08/31/12 | 9,120,503 | 11,151,565 | 2,007,282 | 11,665,529 | 513,964 |
| Business Initiatives | | | | | | | |
| Health Choice | 12/01/08 | 03/31/11 | 1,169,877 | 1,238,546 | 123,855 | 1,195,127 | -43,419 |
| HIT Planning | 02/01/10 | 12/31/11 | 778,881 | N/A | 79,581 | 2,555,120 | N/A |
| HIT Incentive Payments | 01/01/11 | 09/30/13 | 518,946 | N/A | 1,743,178 | 17,431,779 | N/A |
| Medicaid Forecast. | 11/01/09 | 01/31/11 | 1,282,009 | 1,739,914 | 173,991 | 1,739,914 | 0 |
| Completed Projects | | | 9,384,802 | 9,436,139 | 1,029,109 | 9,384,802 | -51,337 |
| | | | | | | | |
| Total Projects | | | 71,575,453 | | 27,906,400 | 185,280,856 | |
| ² Total ITS-Approved | 09/16/06 | 08/31/12 | 60,585,172 | 133,959,210 | 18,206,687 | 132,930,048 | -1,029,162 |
| Variance | | | | | | | -0.77% |

Footnotes:

¹- This amount has been designated as a place holder for legislative and/or Federal changes that may be required during the next fiscal year. Federal match is already approved.

²- Total estimated cost of ITS-Approved Projects; i.e., the place-holder *MMIS DDI Changes* and the *MMIS Early Operations* costs are not included in this total.



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Table 2 below represents State funds required for SFY 10-11.

State appropriations of \$8,630,571 were moved from SFY 09-10 to SFY 10-11. This movement maintains the \$18,829,281 biennium amount included in Section 10.41.(a) of the Session Law 2009-451 Senate Bill 202.

The budget below was based on an August 22, 2011 Replacement MMIS go-live date. Once a revised schedule is approved, the current fiscal year's budget will be revisited.

Table 2: State Funds Required for SFY 20010-2011

| Project | Estimated Expenditures | Estimated State Funds |
|--|------------------------|-----------------------|
| MMIS DDI | 40,888,073 | 4,906,569 |
| ¹ MMIS DDI Changes | 11,000,000 | 2,750,000 |
| MMIS Early Operations | 5,848,014 | 2,046,805 |
| R&A | 6,535,744 | 653,574 |
| DHSR | 5,203,981 | 2,341,791 |
| Program-Level | 2,243,807 | 247,181 |
| Business Initiatives | | |
| Health Choice | 415,818 | 265,818 |
| HIT Planning | 836,200 | 83,620 |
| HIT Provider Incentive Payments | 3,733,800 | 373,380 |
| | | |
| Program Total | 76,705,437 | 13,668,739 |
| | | |
| State Appropriation Balance 7/1/10 | | 8,630,571 |
| Appropriations SFY 10-11 | | 8,064,128 |
| | | |
| Estimated Carry Forward Appropriations 6/30/11 | | 3,025,960 |

Footnotes:

¹ - This amount has been designated as a place holder for legislative and/or Federal changes that may be required during the next fiscal year. Federal match is already approved.



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Table 3 below represents State funds required for SFY 11-12.

The budget below is based on the CSC-proposed October 1, 2012 go-live date for the Replacement MMIS. Should the approved go-live date differ from this date a new SFY 11-12 budget will be calculated.

Table 3: State Funds Required for SFY 20011-2012

| Project | Estimated Expenditures | Estimated State Funds |
|--|------------------------|-----------------------|
| ² MMIS DDI | 45,888,565 | 5,587,304 |
| ¹ MMIS DDI Changes | 6,000,000 | 730,548 |
| MMIS Early Operations | 5,903,815 | 1,650,549 |
| R&A | 6,535,573 | 653,557 |
| DHSR | 5,204,389 | 2,378,992 |
| Program-Level | 2,313,544 | 231,354 |
| Business Initiatives | | |
| Health Choice | 0 | 0 |
| HIT / HIE | 8,459,135 | 845,914 |
| | | |
| Program Total | 80,305,021 | 12,078,218 |
| | | |
| State Appropriation Balance 7/1/11 | | 3,025,960 |
| Appropriations SFY 11-12 | | 9,052,258 |
| | | |
| Estimated Carry Forward Appropriations 6/30/11 | | 0 |

Footnotes:

¹- This amount has been designated as a place holder for legislative and/or Federal changes that may be required during the next fiscal year. Federal match is already approved.

²- Inclusive of estimated expenditures for the SAS Budget & Finance project.

End of Appendix A

APPENDIX B – NCMMIS+ PROGRAM SCHEDULES



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At the time of the publication of this report DHHS was in negotiations with the Replacement MMIS vendor, CSC, and the R&A vendor, Thomson Reuters. Both of these major projects are expected to experience significant contract amount adjustments and schedule changes. Several major changes will be incorporated into the Replacement MMIS system, including the federally mandated HIPAA code set 5010 and procedure code ICD-10. These federally mandated requirements are prerequisites to move the healthcare industry toward Electronic Health Records (EHR).

These major changes render the current schedules irrelevant. For this reason, the schedules have been removed from this report. Once the vendor negotiations are completed, DHHS will issue a special update to this report. The special update report will include new schedules and revised budgets and is expected to be delivered in April 2011.

End of Appendix B



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APPENDIX C –

| | |
|------|---|
| | REPLACEMENT MMIS BUILDS |
| 0. | Multi-payer Foundation |
| 1. | NCTracks Portal |
| 2. | Training/Demo Environment |
| 3. | Imaging/ Retrieval/ Printing Equipment |
| 4. | Early Implementation 4.1 Provider Enrollment, Verification, & Credentialing (EVC) 4.3 Retro DUR |
| 5. | Provider |
| 6. | Recipient |
| 7. | Eligibility Verification/Transaction Services (EVS) |
| 8. | Non-Electronic Submissions |
| 9. | Pharmacy Claim Adjudication |
| 10. | Medical Claim Adjudication |
| 11. | Financial Management & Accounting |
| 12. | Prior Authorization |
| 13. | Managed Care/Third Party Liability 13.1 Managed Care 13.2 Third Party Liability |
| 14. | Pend Resolution/Batch Interfaces/Reference 14.1 Reference 14.2 Pend Resolution |
| 15. | Financial Transactions/MAR Reporting 15.1 Financial Transactions 15.2 MAR Reporting |
| 16. | Health Check/Drug Rebate 16.1 Health Check 16.2 Drug Rebate |
| 17. | Call Center Services |
| 18. | Automated Voice Response System (AVRS) |
| 19. | 5010 Claim Format |
| 99. | Architecture |
| 100. | Operations |

End of Appendix C



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APPENDIX D –

NCGA 2010 SESSION LEGISLATIVE MANDATES

**NCGA 2010 SESSION LEGISLATIVE MANDATES
IMPACTING the NCMMIS+ PROGRAM**

| Bill # | Session Law # | Title of Bill | Summary of Legislation | NCMMIS Potential Impacts |
|--------|---------------|---|---|---|
| H 382 | 2010-70 | Health Choice Program Review Process | <ul style="list-style-type: none">Creates the Health Choice Program Review Process to continue the current review process for program applicants and recipients appealing enrollment and eligibility decisions.Creates a new review process for program recipients to appeal health services decisions.Adds the health services review process to the agencies and proceedings currently exempted from the contested case provisions of the administrative procedure act. | Potential to add new data fields in MMIS to document recipient appeal process & new ad-hoc reports to monitor efficiency of appeal process. |
| H 589 | 2010-2 | Ins. & State Health Plan Cover/Hearing Aids/ Autism | Requires health benefit plans and the State Health Plan to cover hearing aids and replacement hearing aids. | Potential impact on R&A reporting tables if State Health Plan claims data is included in this project. |
| H 1692 | 2010-88 | Medicaid Dental/Special Needs Population | Requires the Division of Medical Assistance and the Division of Public Health, in the Department of Health and Human Services, to explore issues related to providing dental services to the special needs population. | <ul style="list-style-type: none">Based on study's final set of recommendations, potential future new MMIS data fields for pricing, services, provider info related to special health needs recipients in LTC or group homes.Potential future impact on provider enrollment requirements/data collection/reporting related to dental services for special needs recipients |
| H 589 | 2010-2 | Ins. & State Health Plan Cover/Hearing Aids/ Autism | Requires health benefit plans and the State Health Plan to cover hearing aids and replacement hearing aids. | Potential impact on R&A reporting tables if State Health Plan claims data is included in this project. |



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**NCGA 2010 SESSION LEGISLATIVE MANDATES
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| Bill # | Session Law # | Title of Bill | Summary of Legislation | NCMMIS Potential Impacts |
|--------|---------------|---|--|---|
| H 1703 | 2010-93 | Adult Day Care Criminal Record Check Process | Directs the Division of Aging and Adult Services, Department of Health and Human Services, to study the issue of criminal history record checks for current and prospective owners, operators, and volunteers of adult day care programs and adult day health services programs, as recommended by the North Carolina Study Commission on Aging. | <ul style="list-style-type: none"> May affect provider services functionality in MMIS. Potential future impact on provider enrollment requirements/ data collection/ reporting related to adult day care services providers |
| H 1705 | 2010-121 | Consumer Guidelines for Hearing Aid Purchases | Requires the Hearing Aid Dealers and Fitters Board to coordinate a task force that will develop guidelines for consumers to use when purchasing a hearing aid, as recommended by the North Carolina Study Commission on Aging. | Has potential impact, but any recommended guidelines or standards should be able to be accommodated within existing MMIS projects. |
| H 1707 | 2010-3 | SHP/ Aged-Out Dependents; Tobacco Use Testing | <ul style="list-style-type: none"> Allows already enrolled dependent children under the age of twenty-six who are not eligible for employer-based health care to remain on the North Carolina State Health Plan for Teachers and State Employees for plan year 2010-2011 Directs the State Health Plan to consult with the Committee on Hospital and Medical Benefits before implementing any tobacco use testing program. | Potential impact on R&A reporting tables if State Health Plan claims data is included in this project. |
| S 354 | 2010-128 | Continuing Care Retire. Community/ Home Care | <ul style="list-style-type: none"> Permits continuing care retirement communities to provide or arrange for home care services without providing lodging when those services are provided adjunct to a contract for continuing care Requires Department of Insurance and the Department of Health and Human Services to study issues related to continuing care retirement communities providing home care services without providing lodging. | <ul style="list-style-type: none"> Adds new provider type for Home Health Services. Potential future new data elements or modification of existing data elements in the MMIS. |



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IMPACTING the NCMMIS+ PROGRAM**

| Bill # | Session Law # | Title of Bill | Summary of Legislation | NCMMIS Potential Impacts |
|--------|---------------|--------------------------------------|--|--|
| S 765 | 2010-118 | Pooled Trusts/Medicaid Reimbursement | Amends the general statutes with respect to community third party trusts and Medicaid pooled trusts, and to provide for Medicaid reimbursement in certain circumstances. | <ul style="list-style-type: none"> May require new or modified data elements in MMIS Potential reporting changes for R&A |
| S 897 | 2010-31 | Appropriations Act of 2010 | Modifies the Current Operations and Capital Improvements Appropriations Act of 2009. | <p>Items that may impact MMIS include:</p> <ul style="list-style-type: none"> CAPMR/DD Waiver changes DMA to contract w/ CCNC for Enhanced Primary Care Case Mgt Sys Expand 1915 Waiver Study Medicaid reimbursement rates & program benefits by 4/2011 Add Never Events to MSP Modify the Medicaid Recipient Appeal Process |
| S 900 | 2010-152 | Studies Act of 2010 | Provide for studies by the Legislative Research Commission, statutory oversight committees and commissions, and other agencies, committees, and commissions. | <p>The following studies could lead to changes in MMIS:</p> <ul style="list-style-type: none"> Consolidation of State Agencies & Departments Efficient E-Commerce Monitor Impact of Revised Requirements for PCS Cost effectiveness of supportive housing as alternative to institutionalization (MH/DD/SA) Prescription Drug Abuse |
| S 1193 | 2010-68 | Implement LTC Partnership Program | <ul style="list-style-type: none"> Implements the Long-term care partnership program, to ensure that North Carolina's Long-term care insurance laws comport with the long-term Care Partnership Provisions in the federal 2005 DRA Authorizes the sharing of confidential information between the North Carolina Department of Insurance, entities that contract with the federal government, and other governmental agencies, as recommended by the North Carolina Study Commission on Aging. | <ul style="list-style-type: none"> May require new or modified data elements in MMIS Potential reporting changes for R&A |



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| Bill # | Session Law # | Title of Bill | Summary of Legislation | NCMMIS Potential Impacts |
|---------------|----------------------|---|---|--|
| S 1392 | 2010-120 | State Health Plan/Court-Ordered Guardianships | Allows state employees to enroll children for which they are court-appointed guardians as dependents in the North Carolina State Health Plan for Teachers and State Employees. | Potential impact on R&A reporting tables if State Health Plan claims data is included in this project. |
| H 1703 | 2010-93 | Adult Day Care Criminal Record Check Process | Directs the Division of Aging and Adult Services, Department of Health and Human Services, to study the issue of criminal history record checks for current and prospective owners, operators, and volunteers of adult day care programs and adult day health services programs, as recommended by the North Carolina Study Commission on Aging. | <ul style="list-style-type: none">• May affect provider services functionality in MMIS.• Potential future impact on provider enrollment requirements/ data collection/ reporting related to adult day care services providers |
| H 1705 | 2010-121 | Consumer Guidelines for Hearing Aid Purchases | Requires the Hearing Aid Dealers and Fitters Board to coordinate a task force that will develop guidelines for consumers to use when purchasing a hearing aid, as recommended by the North Carolina Study Commission on Aging. | Has potential impact, but any recommended guidelines or standards should be able to be accommodated within existing MMIS projects. |
| H 1707 | 2010-3 | SHP/ Aged-Out Dependents; Tobacco Use Testing | <ul style="list-style-type: none">• Allows already enrolled dependent children under the age of twenty-six who are not eligible for employer-based health care to remain on the North Carolina State Health Plan for Teachers and State Employees for plan year 2010-2011• Directs the State Health Plan to consult with the Committee on Hospital and Medical Benefits before implementing any tobacco use testing program. | Potential impact on R&A reporting tables if State Health Plan claims data is included in this project. |



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| Bill # | Session Law # | Title of Bill | Summary of Legislation | NCMMIS Potential Impacts |
|--------|---------------|--------------------------------------|--|--|
| S 765 | 2010-118 | Pooled Trusts/Medicaid Reimbursement | Amends the general statutes with respect to community third party trusts and Medicaid pooled trusts, and to provide for Medicaid reimbursement in certain circumstances. | <ul style="list-style-type: none"> May require new or modified data elements in MMIS Potential reporting changes for R&A |
| S 897 | 2010-31 | Appropriations Act of 2010 | Modifies the Current Operations and Capital Improvements Appropriations Act of 2009. | <p>Items that may impact MMIS include:</p> <ul style="list-style-type: none"> CAPMR/DD Waiver changes DMA to contract w/ CCNC for Enhanced Primary Care Case Mgt Sys Expand 1915 Waiver Study Medicaid reimbursement rates & program benefits by 4/2011 Add Never Events to MSP Modify the Medicaid Recipient Appeal Process |
| S 900 | 2010-152 | Studies Act of 2010 | Provide for studies by the Legislative Research Commission, statutory oversight committees and commissions, and other agencies, committees, and commissions. | <p>The following studies could lead to changes in MMIS:</p> <ul style="list-style-type: none"> Consolidation of State Agencies & Departments Efficient E-Commerce Monitor Impact of Revised Requirements for PCS Cost effectiveness of supportive housing as alternative to institutionalization (MH/DD/SA) Prescription Drug Abuse |
| S 1193 | 2010-68 | Implement LTC Partnership Program | <ul style="list-style-type: none"> Implements the Long-term care partnership program, to ensure that North Carolina's Long-term care insurance laws comport with the long-term Care Partnership Provisions in the federal 2005 DRA Authorizes the sharing of confidential information between the North Carolina Department of Insurance, entities that contract with the federal government, and other governmental agencies, as recommended by the North Carolina Study Commission on Aging. | <ul style="list-style-type: none"> May require new or modified data elements in MMIS Potential reporting changes for R&A |

End of Appendix D



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APPENDIX E –

BACKGROUND

Medicaid is a health insurance program for certain low income and needy people. It serves over one million people in the State, including children, the aged, blind and/or disabled, and people who are eligible to receive federally assisted income maintenance payments. For approximately 31 years, North Carolina has had the same vendor supporting the Medicaid claims processing system and associated outsourced business functions. In 1999, the same vendor was contracted to develop the Division of Mental Health, Developmental Disabilities and Substance Abuse Services' (DMH) Integrated Payment and Reporting System (IPRS) using the Medicaid claims payment system as a prototype. In addition, the Department operates another claims processing solution to facilitate claims payment for the Division of Public Health (DPH).

DHHS recognized the need to improve business processes and services provided by merging several of its claims payment systems into a *multi-payer* solution. This DHHS plan was modeled from CMS' Medicaid Information Technology Architecture (MITA) and Statewide Enterprise Architecture concepts. The processing of Medicaid and other healthcare claims directly supports DHHS' mission to serve the people of North Carolina by enabling individuals, families and communities to be healthy and secure and to achieve social and economic well being.

The NCMMIS+ Program was initiated in September 2006, to manage the activities related to the re-procurement and implementation of systems and services for a Replacement Medicaid Management Information System (MMIS) as well as systems and services for Reporting and Analytics (R&A) and an information technology (IT) system for the Division of Health Service Regulation (DHSR). The Replacement MMIS will expand claims payment functionality beyond Medicaid to include the Division of Public Health (DPH), the Migrant Health Program in the Office of Rural Health and Community Care (ORHCC), the Division of Medical Assistance (DMA), and the Division of Mental Health, Developmental Disabilities and Substance Abuse (DMH).

In July 2007, the Department of Health and Human Services (DHHS) posted a Request for Proposal (RFP) to fulfill the Centers for Medicare and Medicaid Services' (CMS') mandate that the State conduct an open procurement for a replacement of the Medicaid Management Information System (MMIS) and Fiscal Agent operations contract. Then, in June 2008, pursuant to the requirements of Section 10.40D.(a) (2) of Session Law 2008-107, DHHS amended the RFP to include the following payers: NC Health Choice, NC Kid's Care, Ticket to Work, Families Pay Part of the Cost of Services under the CAP-MR/DD, CAP Children's Program, and all relevant Medicaid waivers and Medicare 646 waiver, a five-year demonstration project that places the state's high-risk Medicare patients and dual eligibles (i.e., patients qualifying for both Medicaid and Medicare) into the primary care program known as Community Care of North Carolina (CCNC).

The NCMMIS+ Program consists of three major functional groups that are to be procured and contracted separately, which will provide the State with flexibility in contracting, and provides for access to the knowledge and skills of multiple vendors, and will broaden the



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industry experience base in NC DHHS systems by providing opportunities for specialization that might attract new vendors or partnerships not seen in a monolithic acquisition. The three major functional groups are: 1) Core MMIS Replacement, 2) Reporting & Analytics and 3) DHSR.

There are two other major procurements in addition to the three mentioned above: 1) Test Management Services and 2) Independent Verification and Validation (IV&V). Test management of all three NCMMIS+ Program functional groups is outsourced to a single vendor that specializes in testing. The Test Management Vendor is responsible for managing the testing activities while primarily DHHS staff will perform the tests. Because of the close relationship among the Program's three functional groups, having one testing vendor is more efficient than procuring three different vendors. The Test Management Services contract was awarded to *SysTest Labs* on July 29, 2009.

CMS mandated that the State acquire IV&V services for the Replacement MMIS. The lead IV&V staff members have the responsibility to oversee the Project and report directly to the Project Sponsor and to CMS. The IV&V vendor provides the Lead with supporting staff as needed for specific activities; for example, a DBA (Data Base Administrator) may be called in to review data base layouts, etc. DHHS will also use the IV&V services for the R&A, and DHSR projects. The IV&V contract was awarded to MAXIMUS, Consulting Services, Inc. on September 17, 2009.

End of Appendix E