

MMIS Report Joint Appropriations Subcommittee on Health and Human Services

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NCMMIS Program Purpose

- **Replacement MMIS Project (NCTracks)**
 - Design, develop and install a componentized, integrated, multi-payer Replacement Medicaid Management Information System (MMIS) and Fiscal Agent operations
 - Facilitate provider enrollment and consolidate claims processing activities for multiple DHHS health plans
 - Division of Medical Assistance – Medicaid & Health Choice
 - Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
 - Division of Public Health
 - Office of Rural Health and Community Care
 - Coordinate processing among the payers to ensure the proper assignment of the payer, benefit plan, and pricing methodology for each service on a claim

NCMMIS Program Purpose

- **Reporting & Analytics Project**
 - Design, develop and install a state-of-the-art Data Warehouse, and reporting solution that meets not only current DHHS needs, but provides a platform for changes leading to future growth with enhanced self-service by the end-user community
 - Surveillance Utilization Review System (SURS) – Detection of fraud and abuse
 - Decision Support System (DSS) – Healthcare data analytics to empower more informed policy decisions

NCMMIS Program Purpose

- **Business Process Automation System Project**
 - Identify and execute the procurement and implementation of a Business Process Automation System and associated business services for the DHHS Division of Health Service Regulation (DHSR)
 - Satisfy the information sharing requirements with the Replacement MMIS in the area of provider eligibility
 - Provide automation, using a common database, to support the business functions of DHSR
 - Certificate of Need
 - Construction
 - Licensure and Certification
 - Health Care Personnel Registry
 - Center for Aide Regulation and Education

Advantages of the Replacement MMIS

- Multi-payer system consolidating claims processing for multiple DHHS divisions, ensuring the proper assignment of payer, health plan, benefit plan, and pricing methodology for each claim line
- Provider Web Portal
 - Provider Enrollment
 - Changes to Provider enrollment information
 - Recipient Enrollment and Service Limits
 - Electronic Claims Submission
 - Fee Schedules and Rates
 - Prior Approval Inquiry and Request
 - Claims Status Information
 - Retrieval of Remittance Advices
 - Online access to training information

Advantages of the Replacement MMIS

- Recipient Web Portal
 - Online access to health care coverage information
 - Administrative contact information for benefit plans including managed care organizations
 - Health Plan and Benefit Plan name and coverage dates
- Claims Processing
 - Multi-detail, multi-payer claims submission
 - Outpatient hospital claims at a line item detail level for all revenue codes
 - Automated claims adjustments
 - Immediate adjudication of claims

MMIS Legacy System Synchronization

- Modifications to the legacy solutions continued after the system freeze date
- Limitations to the level of change that can be made to the system once final testing began while maintaining quality
 - System soft freeze began on March 2, 2012 – Hard freeze began on May 31, 2012
 - User Acceptance Testing (UAT) began August 29, 2012
 - Changes approved after freeze date not available for current UAT

MMIS Legacy System Synchronization

- CSC Contract Amendment #3 created to allow for the development and testing of the most critical of these changes
 - Additional capacity for change allocated
 - Move Operational Readiness Date from March 1, 2013 to July 1, 2013 to accommodate additional Medicaid changes
 - Maintain July 1, 2013 Operational Start
 - Use capacity originally allocated to ICD-10 (International Classification of Diseases 10th Revision)
 - Federally required compliance date moved from October 1, 2013 to October 1, 2014
 - Work continues on ICD-10 in preparation for system changes
 - Additional Final Integration and User Acceptance Testing Period
 - April / May 2013
 - Overlap additional testing with the execution of Provider Operational Preparedness (POP)

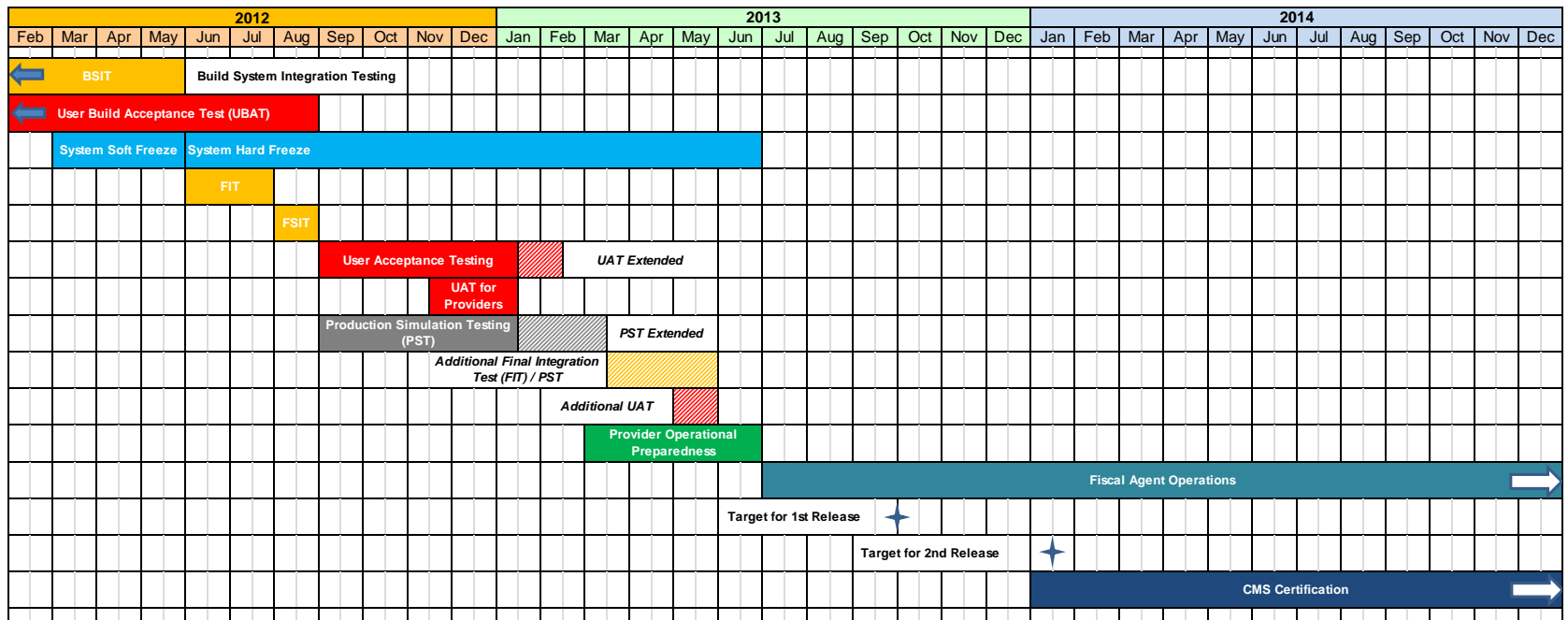
MMIS Legacy System Synchronization

- Additional Synchronization Gap Less Critical Functionality
 - Additional CSRs are currently in the CSC backlog to be implemented that will not be addressed by July 1, 2013
 - The first two post operational start software releases are scheduled for:
 - October 1, 2013
 - January 1, 2014
 - Workarounds required until the implementation of functionality

Workarounds Strategy

- Workgroup currently developing workarounds for 288 change requests
 - 120 Customer Service Requests (CSRs)
 - 168 State Memoranda
- The workaround strategies can be broadly grouped by the following categories:
 - Change policy, business rules, and/or claims filing instructions
 - Manual intervention performed by CSC, the State, or other vendor
 - Pay and chase or report
 - Monitor impacts
 - Cancel original change request
 - Suspend specific task in Division operations
- Workgroup to complete identification of workarounds by March 18
- Work beginning to define impacts and communications

Replacement MMIS Schedule



Items added or extended effected by Contract Amendment 3 shown in crosshatched shading

User Acceptance Test (UAT) Results

- User Acceptance Test Cases Completed by the State: 1,980
- Test Cases with no outstanding defects: 1,751 (88.4%)
- Total defects discovered during UAT: 1,520
 - Initial UAT period (8/29/2012 – 1/16/2013)

Severity	Exit Threshold	Discovered	Resolved	Open
1. System-wide Failure	0	33	33	0
2. Inconsistent Results	10% (83)	839	761	78
3. Workaround Exists	25% (134)	537	452	85
4. Cosmetic	n/a	96	51	45
5. Working as Designed	n/a	15	1	14
Total	n/a	1,520	1,298	222

Overall Program Budget

NCMMIS+ Program Budget					
Project	Initial	Current		Federal	State Share
Replacement MMIS					
Development	\$ 114,704,823	\$ 219,847,415		\$ 192,695,227	\$ 27,152,188
Ops & Maintenance	\$ 196,790,210	\$ 203,646,862		\$ 142,836,157	\$ 60,810,705
Early Operations	\$ 8,751,865	\$ 20,457,214		\$ 17,261,493	\$ 3,195,721
Reporting & Analytics					
Development	\$ 14,752,168	\$ 15,549,664		\$ 13,994,698	\$ 1,554,966
Ops & Maintenance	\$ 45,073,315	\$ 45,069,033		\$ 33,801,775	\$ 11,267,258
BPAS - DHSR					
Development	\$ 6,167,739	\$ 8,565,102		\$ 4,697,413	\$ 3,867,689
Ops & Maintenance	\$ 6,119,699	\$ 8,119,699		\$ -	\$ 8,119,699
Program-Level Project					
Development	\$ 9,721,297	\$ 15,803,746		\$ 13,828,278	\$ 1,975,468
Certification	\$ 1,430,271	\$ 2,440,790		\$ 2,135,691	\$ 305,099
Other Projects					
HIT Incentive Paymen	\$ 31,586,627	\$ 10,786,958		\$ 9,708,262	\$ 1,078,696
Medicaid Forecast	\$ 1,739,914	\$ 1,523,010		\$ 1,370,709	\$ 152,301
Business Initiatives	\$ 11,535,538	\$ 11,133,002		\$ 9,790,332	\$ 1,342,670
Total	\$ 448,373,466	\$ 562,942,495		\$ 442,120,034	\$ 120,822,461

Vendor Cost Savings - MMIS

- Over the five year operations & maintenance phase, the CSC contract cost will save on average \$3 million per month over expected future costs of existing contracts that will be retired when NCTracks is implemented.
- The state appropriations savings over that same five year period is expected to average over \$900,000 per month.
- Systems to be retired by NCTracks:
 - MMIS - HP
 - IPRS - HP
 - Pharmacy Prior Authorization Call Center - Xerox
 - Smart PA - Xerox
 - POMCS- DHHS

CSC Contract - MMIS

NCMMIS+ Program Contract Amendments			
Vendor	Amendment	Cost	State Share
CSC			
Development ¹	Base	\$ 77,960,715	\$ 9,901,010.81
Ops & Maintenance	Base	\$ 187,243,759	\$ 51,023,924.33
Development	Amend # 1	\$ -	\$ -
Ops & Maintenance	Amend # 1	\$ -	\$ -
Development	Amend # 2	\$ 152,754,523	\$ 18,025,033.71
Ops & Maintenance ²	Amend # 2	\$ 66,921,800	\$ 18,236,190.50
Development	Amend # 3	N/A	N/A
Ops & Maintenance	Amend # 3	N/A	N/A
Total			
Development		\$ 230,715,238	\$ 27,926,045
Ops & Maintenance		\$ 254,165,559	\$ 69,260,115
¹ Although not included in the initial contract; \$ 22M was budgeted for changes and approved by CMS. ² Two additional years of operations were added to the contract.			

Program Risks and Issues

- Based on analysis by an outside consultant, Susan Young, the following risks and mitigation strategies have been identified:

Risk	Mitigation Strategy
Stakeholder Engagement	A supplementary communications approach has been developed and a resource allocated to integrate the specific plans into the overall program and management routines
Program Planning, Execution and Monitoring	The MMIS Program has now been aligned under the DHHS CIO, and availability of critical resources has been secured
Organizational Change Enablement	An external consultant will be engaged to drive our development of Division business processes and facilitate additional preparations for user testing and transition
Change Management	A hard freeze has been placed on further changes to the legacy and new systems. A team has been formed to identify gaps and define interim processes
Overall Implementation Strategy	Resources will be reallocated to support deployment planning efforts and bring focus to the most significant levers for the success of the initiative.
Test Planning and Execution	Critical resources to support testing cycles have been secured. Additional business process activities will make user testing and readiness assessments more effective

Program Risks and Issues

- As reported by CSC in their 2/14/2013 report to the NCMMIS+ Steering Committee

Risk	Mitigation Strategy
Provider Conversion	A number of data quality issues have been identified during PST and UAT that impact claims adjudication. The State and CSC have made good progress. 2 outstanding issues remain, 3 issues require data clean up and one potential workaround has been identified
Taxonomy	The current design requires a taxonomy at level 3 for professional providers and some may have credentials only to a level 2. CSC has determined the effort required to make the required modifications and will work with the State to determine how to implement by operational start.
Interfaces	CSC is still working through interface files from the State so end to end testing can occur during the extended PST. 8 interfaces will be tested during the May PST.
Legacy CSR Workarounds	There are approximately 120 Legacy CSRs and 168 State memoranda that will not be in NC Tracks at operational start. OMMISS and DMA are evaluating the workarounds with a 3/18/2013 completion target. Any impact to CSC operations must be reviewed and determined after that date.

Appendix

CMS Certification

- Review of the MMIS and operations
 - CMS Certification Checklists
- State requests certification after the closeout of two fiscal quarters
 - Operational start on July 1, 2013
 - North Carolina can request certification after closing out the quarter ending December 31, 2013
- Following the request, CMS and the State begin planning one week on-site certification review
 - Document collection and preparation
- One week on-site visit typically at least one year after operational start
- Based on the information collected, CMS may issue findings and require the State to take remedial action

CMS Certification

- Financial Impact
 - On the first day of operations, the Federal match for operations is 50%
 - Upon certification the Federal match for operations improves to 75%
 - When certification is achieved, the difference between the 50% and 75% Federal match is paid retroactively back to the day the system is deemed by CMS to be the system of record

Testing Participation

- CSC Staff
 - Build System Integration Testing
 - Final Integration Testing
 - Final System Integration Testing
 - Production Simulation Testing
- OMMISS Staff
 - User Build Acceptance Testing
 - User Acceptance Testing
 - Review of CSC Conducted Testing
- Division Testing
 - 46 participants from the DHHS divisions
 - Participants from DMA, DMH/DD/SAS, DPH

Testing Participation

- Providers
 - User Acceptance Testing for Providers
 - Worked with 25 Provider Associations for nominees
 - 37 Providers nominated by 8 associations participated over six weeks
 - Dental
 - Pediatrics, Novant, CCNC
 - LMEs
 - Public Health
 - Nursing Homes, Home & Hospice
 - Hospitals

Transition Planning Deployment Planning Approach

Iteration	Content
Initial Framework (Delivered 11/26/2012)	Establishes the concept, structure, and layout of the deliverable, with a focus on the introductory information, high-level activity/task and schedule definition, establishment of assumptions and constraints, templates and integration with related documents.
Iteration 2 (Delivered 2/15/2013)	Focuses on the detailed rollout and deployment schedule/activities, post deployment activities, organization rolls and responsibilities, continued refinement of assumptions and constraints, populating the templates, and details of the back out plan.
Iteration 3 (Delivery 3/31/2013)	Continued expansion of the detailed rollout and deployment schedule/activities, expansion of the post deployment activities, finalization of the organization rolls and responsibilities, continued refinement of assumptions and constraints, continued refinement of the back out plan details.
Final Iteration (Delivery 5/31/2013)	Wrap-up of the detailed rollout and deployment schedule/activities, wrap-up of the post deployment activities, wrap-up of assumptions and constraints, wrap-up of the back out plan details.

Budget Update

- Overall Program Budget and Budget for Each Project
 - Initial
 - Current
 - Reasons for Changes
 - Operations and Maintenance Costs
 - Sources of Funding

Replacement MMIS Budget

Replacement MMIS Project Budget					
	Initial	Current	Reason	Federal	State Share
Development	\$ 114,704,823	\$ 219,847,415		\$ 192,695,227	\$ 27,152,188
Vendor Costs					
CSC	\$ 90,820,113	\$ 186,604,862	1	\$ 163,359,494	\$ 23,245,368
IV&V and Testing	\$ 6,203,920	\$ 9,939,959	2	\$ 8,945,963	\$ 993,996
Internal Costs	\$ 17,680,790	\$ 23,302,594	2	\$ 20,389,770	\$ 2,912,824
Ops & Maintenance (5 Years)	\$ 196,790,210	\$ 203,646,862		\$ 142,836,157	\$ 60,810,705
Vendor Costs	\$ 188,450,458	\$ 188,552,178		\$ 131,515,144	\$ 57,037,034
Internal Costs	\$ 8,339,752	\$ 15,094,684	3	\$ 11,321,013	\$ 3,773,671
Early Operations	\$ 8,751,865	\$ 20,457,214		\$ 17,261,493	\$ 3,195,721
CSC	\$ 7,933,903	\$ 18,272,214	4	\$ 15,622,743	\$ 2,649,471
Internal Costs	\$ 817,962	\$ 2,185,000	4	\$ 1,638,750	\$ 546,250
Total	\$ 320,246,898	\$ 443,951,491		\$ 352,792,877	\$ 91,158,614

Reason for Changes to the Replacement MMIS Budget

1. Schedule slipped 22 months; functionality has been added.
Reasons for slippage:
 - Over estimation of the degree of fit with the baseline solution from CSC
 - Estimated 73% reuse – Realized 32% reuse
 - Approximately 200 legacy change requests that were not included in the original scope were added to the design
 - Federal Scope Expansion:
 - HIPAA 5010
 - ICD-10
 - National Correct Coding Initiative (NCCI)
 - Healthcare Reform
 - State Legislation: SL 2010 and SL 2011 changes
 - Added four months of Provider Operational Preparedness

Reason for Changes to the Replacement MMIS Budget

2. Added 22 months to the development phase impacting the Independent Verification and Validation (IV&V) and Testing vendors' contracts; and internal labor and project support costs
3. Revised estimate of the resources needed to manage vendors and to begin the next MMIS procurement cycle
4. Added 22 months to early operations (provider enrollment, credentialing and verification) and for drug utilization review; also realized a larger number of providers enrolling in Medicaid

Reporting & Analytics Budget

Reporting & Analytics Project Budget					
	Initial	Current	Reason	Federal	State Share
Development	\$ 14,752,168	\$ 15,549,664		\$ 13,994,698	\$ 1,554,966
Vendor Costs					
Truven	\$ 6,877,113	\$ 10,816,274	1	\$ 9,734,647	\$ 1,081,627
IV&V and Testing	\$ 629,381	\$ 1,077,750	2	\$ 969,975	\$ 107,775
Internal Costs	\$ 7,245,674	\$ 3,655,640	3	\$ 3,290,076	\$ 365,564
Ops & Maintenance (5 Years)	\$ 45,073,315	\$ 45,069,033		\$ 33,801,775	\$ 11,267,258
Vendor Costs	\$ 43,428,927	\$ 43,608,606		\$ 32,706,455	\$ 10,902,152
Internal Costs	\$ 1,644,388	\$ 1,460,427		\$ 1,095,320	\$ 365,107
Early Operations	\$ -	\$ 316,000		\$ 237,000	\$ 79,000
Truven	\$ -	\$ 316,000		\$ 237,000	\$ 79,000
Total	\$ 59,825,483	\$ 60,934,697		\$ 48,033,472	\$ 12,901,225

Reason for Changes to the Reporting & Analytics Budget

1. Due to the MMIS project being extended 22 months, the R&A project needed to be extended as R&A is dependent upon data from the Replacement MMIS. Also developed and implemented the Surveillance Utilization Review System (SURS) to operate with legacy data
2. Added 22 months to the development phase impacting IV&V and Testing vendor contracts
3. Although the development phase was extended, the staffing level required to support this R&A project was initially overestimated

Business Process Automation System (BPAS) Budget

Business Process Automation System (BPAS) Project Budget					
	Initial	Current	Reason	Federal	State Share
Development	\$ 6,167,739	\$ 8,565,102		\$ 4,697,413	\$ 3,780,389
Vendor Costs					
GLS	\$ 4,205,970	\$ 4,205,970		\$ 2,102,985	\$ 2,102,985
IV&V and Testing	\$ 174,601	\$ 174,601		\$ 87,301	\$ 87,301
Internal Costs	\$ 1,787,168	\$ 4,184,531	1	\$ 2,507,127	\$ 1,677,404
Ops & Maintenance	\$ 6,119,699	\$ 8,119,699		\$ -	\$ 8,119,699
Vendor Costs	\$ 4,846,779	\$ 4,846,779		\$ -	\$ 4,846,779
Internal Costs	\$ 1,272,920	\$ 3,272,920	1	\$ -	\$ 3,272,920
Total	\$ 12,287,438	\$ 16,684,801		\$ 4,697,413	\$ 11,900,088

Reason for Changes to the BPAS Budget

1. Staffing levels were initially underestimated and required hardware and software was omitted from the initial budget

Program Level Project

Program-Level Project Budget					
	Initial	Current	Reason	Federal	State Share
Development	\$ 9,721,297	\$ 15,803,746		\$ 13,828,278	\$ 1,975,468
Vendor Costs	\$ -				
Internal Costs	\$ 9,721,297	\$ 15,803,746	1	\$ 13,828,278	\$ 1,975,468
Certification	\$ 1,430,271	\$ 2,440,790		\$ 2,135,691	\$ 305,099
Vendor Costs	\$ -	\$ -		\$ -	\$ -
Internal Costs	\$ 1,430,271	\$ 2,440,790	2	\$ 2,135,691	\$ 305,099
Total	\$ 11,151,568	\$ 18,244,536		\$ 15,963,969	\$ 2,280,567

Reason for Changes to the Program-Level Budget

1. The project length was extended by 22 months, additional staffing hours were required due to the extended schedule
2. Updated staffing requirements for the first year of operations to support maintenance and federal certification activities

Contract Amendments

Contract Amendments

- By Project and vendor
- Cost Increase associated with each

Truven Contract – Reporting & Analytics

NCMMIS+ Program Contract Amendments			
Vendor	Amendment	Cost	State Share
Truven			
Development	Base	\$ 6,877,113	\$ 687,711
Ops & Maintenance	Base	\$ 43,428,927	\$ 10,857,232
Development	Amend # 1	\$ -	\$ -
Ops & Maintenance	Amend # 1	\$ -	\$ -
Development	CSR 787	\$ 1,511,370	\$ 151,137
Development	Amend # 2	\$ 1,441,798	\$ 1,297,618
Ops & Maintenance	Amend # 2	\$ 20,851,305	\$ 5,212,826
Development	Amend # 3	\$ -	\$ -
Ops & Maintenance	Amend # 3	\$ -	\$ -
Total			
Development		\$ 9,830,281	\$ 2,136,467
Ops & Maintenance		\$ 64,280,232	\$ 16,070,058

GLS Contract – Business Process Automation System (BPAS)

NCMMIS+ Program Contract Amendments			
Vendor	Amendment	Cost	State Share
GLS			
Development	Base	\$ 5,515,494	\$ 2,757,747
Ops & Maintenance	Base	\$ 3,537,255	\$ 1,768,628
Development	Amend # 1	\$ -	\$ -
Ops & Maintenance	Amend # 1	\$ -	\$ -
Total			
Development		\$ 5,515,494	\$ 2,757,747
Ops & Maintenance		\$ 3,537,255	\$ 1,768,628

Maximus Contract – Independent Verification and Validation (IV&V)

NCMMIS+ Program Contract Amendments			
Vendor	Amendment	Cost	State Share
Maximus			
Development	Base	\$ 2,549,968	\$ 267,747
Ops & Maintenance	Base	\$ 378,796	\$ 94,699
Development	Amend # 1	\$ -	\$ -
Ops & Maintenance	Amend # 1	\$ -	\$ -
Development	Amend # 2	\$ 1,459,752	\$ 153,274
Ops & Maintenance	Amend # 2	\$ 507,640	\$ 126,910
Total			
Development		\$ 4,009,720	\$ 421,021
Ops & Maintenance		\$ 886,436	\$ 221,609

SLI Contract - Testing

NCMMIS+ Program Contract Amendments			
Vendor	Amendment	Cost	State Share
SLI			
Development	Base	\$ 3,518,302	\$ 358,867
Ops & Maintenance	Base	\$ 2,081,113	\$ 520,278
Development	Amend # 1	\$ 3,575,996	\$ 364,752
Ops & Maintenance	Amend # 1	\$ (1,934,887)	\$ (483,722)
Total			
Development		\$ 7,094,298	\$ 723,618
Ops & Maintenance		\$ 146,226	\$ 36,557