

DEPARTMENT OF HUMAN SERVICES



MMIS replacement project - The Legislative Assembly in 2005 appropriated \$29,188,859, of which \$3,667,820 was state matching funds from the permanent oil tax trust fund, to the department to replace MMIS. The Legislative Assembly in 2007 provided additional funding of \$31,072,641, of which \$3,643,133 was state matching funds from the general fund, for the project. The department did not spend all of the state matching funds during the 2005-07 biennium and was authorized to continue the unspent funds into the 2007-09 biennium for the project. As a result, the department used these funds to obtain additional federal matching funds of \$2,267,871 for the project. The Legislative Assembly in 2011 provided \$1,474,362 from the general fund to complete the project. This funding represents the unspent appropriation authority from the \$3,667,820 appropriation from the permanent oil tax trust fund. The permanent oil tax trust fund was repealed at the end of the 2009-11 biennium by the Legislative Assembly in 2011 House Bill No. 1451. Total funding available for the project is:

	General Fund	Federal Funds	Other Funds	Total
2005-07 appropriation		\$25,521,039	\$3,667,820	\$29,188,859
2007-09 appropriation	\$3,643,133	27,429,508		31,072,641
2011-13 appropriation	1,474,362		(1,474,362)	
Additional matching funds		2,267,871		2,267,871
Total	\$5,117,495	\$55,218,418	\$2,193,458	\$62,529,371

The Legislative Assembly in 2011 also provided the following appropriations to the department relating to the new MMIS:

- \$6.7 million, of which \$1.675 million is from the general fund, for postproduction support and licensing services.
- \$1,885,744, of which \$217,803 is from the general fund, for user acceptance testing of the new system.

In December 2011, the department and Xerox State Healthcare, formerly Affiliated Computer Services (ACS), finalized negotiations for past project delays through June 1, 2012, resulting in Xerox agreeing to reduce its contract by \$3,500,000, of which \$404,250 is from the general fund. The negotiations also addressed the inclusion of the HIPAA 5010 transactions into the new MMIS. The compliance date for this federal requirement was January 1, 2012. The cost for this expansion of the project is \$6,606,822, of which \$763,088 is from the general fund. The department's legislative appropriation for the 2011-13 biennium includes \$6.7 million for postproduction support and licensing services from Xerox for the period from June 1, 2013. With the extension of the go live date for the project, these funds will no longer be needed for the postproduction support and licensing services. The department will be using these funds for the cost of the increase in the project's scope. The Centers for Medicare and Medicaid Services (CMS) and the project's executive steering committee as required by Executive Order 2011-20 have approved the increase to the project scope and budget.

In May 2012, the department and Xerox finalized negotiations in which Xerox recognized a seven-month schedule delay and agreed to a reduction in the total amount payable of \$1 million, of which \$115,500 is from the general fund. An additional nine-month delay in the schedule is attributable to the inclusion of *International Classification of Diseases, Tenth Revision* (ICD-10) functionality into the North Dakota MMIS. The compliance date for this federal requirement is currently October 1, 2013, which aligns with the new go live date. The ICD-10 functionality was not included in the original scope of the project contract and represents an increase in compensation of \$8,425,282, of which \$1,146,553 is from the general fund. The inclusion of the ICD-10 functionality also affects the budget for the other third-party vendors, Information Technology Department costs, and Department of Human Services' contract staff. The project's executive steering committee has approved the increase to the project scope and budget.

The department's 2011-13 legislative appropriation also includes funding of \$1,885,744, of which \$217,803 is from the general fund, for user acceptance testing of the new system. The department is also including these funds in the project budget to better represent overall project costs.