

**Testimony before the  
Budget Section  
September 15, 2011**

Chairman Grindberg, members of the Budget Section;

Thank you for your time and the opportunity to update this legislative body. We also thank our partners at DHS for allowing us to address this committee directly.

We are here to provide an update on the status of the new Medicaid Management Information System (or MMIS) that ACS, A Xerox Company is implementing for the State of North Dakota.

My name is David Bywater and I am the Executive Vice President and Chief Operating Officer for the Government Healthcare and Transportation sections of ACS. I report directly into Lynn Blodgett, our CEO of ACS. In this role, the North Dakota implementation falls under my purview.

Also with me today are Will Saunders, Group President for our Government Healthcare Group and Greg Bryant, the Executive who directly oversees the implementation of your MMIS.

Will, Greg and I will be taking your questions after I provide a brief update on this project.

This project is a key priority for ACS and Xerox. We recognize the repeated delays in completing this project.

On behalf of ACS and Xerox, I apologize for these delays. Since I took over this project last Fall, I believe we have rectified the issues that caused the delays and solidified the path to bring this project to a successful completion.

There are three key proof points that I would like to share that demonstrate the integrity of the system to give you confidence this project's success.

The first proof point is the progress we have made since the last time ACS was here, we were still in the process of functional testing of the core MMIS system. We are now 96% complete with System Integration testing which builds upon functional testing. The successful progression from functional testing to being nearly complete with System Integration testing is significant.

The second proof point is related to independent validation of the system by respected third parties. Over this past summer the state requested an independent audit of the base MMIS and the status of implementing our base system in New Hampshire. The state picked the parties to conduct this review and ACS supported this request. The findings and conclusions were overwhelmingly positive.

First IBM was selected to validate the system code and architecture. IBM shared the results of their review with DHS, ITD, CMS (the Centers for Medicare and Medicaid), and ACS last week here in Bismarck. This review concluded the base Enterprise system is both well designed and follows industry best practices. The review

covered millions of lines of code and assessed system transferability, maintainability and performance. IBM rated the code in the top quadrant with an overall quality rating of 3.36 out of 4. To put that into perspective, IBM indicated that “a score of 3.0 is very good. A score of 3.36 is considered to be superior quality”. IBM also provided feedback that the design of the system architecture was “Extremely well built and one of the better ones IBM has ever seen”

DHS also had their independent verification and validation vendor, SLI (DHS’ consulting support for this project) perform an actual functional test of the first phase of the base system. This assessment was also very positive. They tested 88 different provider enrollment scenarios and conducted ad hoc testing during their functional test. Overall, they reported back to DHS that the system performs as required and is ready to be expanded upon for North Dakota customization.

The third proof point is related to upcoming go lives of the system. We continue to make significant progress on the base MMIS (our Health Enterprise System) which is the foundation for the North Dakota MMIS. We have completed development of this base system and will be wrapping up final testing later this year. We are scheduled to go live with the first phase of the new base system in New Hampshire this December. Now that the base system is complete, we will be able to finalize the development of the North Dakota specific functionality that

will be layered on top of the base system. A significant portion of this effort is already complete.

As many of you know, the last time ACS met with this committee, we anticipated a June 2012 “go live” for the North Dakota MMIS. Due to a number of changes, we are moving that date. Earlier this year, we determined that further testing and debugging was required on the base system which would impact the North Dakota implementation. Also, DHS and ACS have been in discussions to include changes in the new system to meet a federal mandate, ICD-10. ICD-10 is an extensive overhaul to the codes used by providers and health payer systems such as the North Dakota MMIS.

With the combination of both of these developments, we have proposed moving the go live of the North Dakota MMIS to the Summer of 2013 – this is obviously pending DHS approval of our project plan. This will allow a single Go Live of the new system including the system changes generated by these Federal mandates which will reduce rework on DHS and limit impact on your provider community. The federal changes must go into effect no later than October 2013, thus a buffer is included between Go Live and mandate.

ACS and DHS both realize this is a departure from dates we’ve previously submitted but reiterate that a single go live of the North Dakota system is a logical choice allowing for leveraging of time and resources while preventing

providers from having to endure two major technology changes within 6 months.

As I mentioned earlier, ACS acknowledges that we have had too many delays on this project. We are also aware of the impact that our delays have had on the State of North Dakota. Currently, we are discussing a cost reduction with DHS to help cover cost overruns DHS may have experienced. We intend to complete those negotiations soon. We also have maintained our commitment to honor the firm / fixed fee of our implementation costs.

ACS and DHS are making solid progress towards implementing a system that will support the citizens of North Dakota. As always, we feel the most important objective is that this system meet's the State's requirements at "go live." We remain committed to bring this project to a successful completion. We appreciate the ongoing collaboration and support DHS provides to achieve this shared goal.

In summary, testing of the system is nearing completion. The results of the Independent assessments of the Architecture, Code Quality and Functionality of the system were exceptional. The December "Go live" of Provider Enrollment in New Hampshire demonstrates the validity of the system.

This concludes my prepared update. I thank you for your time and we are now prepared to take your questions.